THE CHINA WEEKLY REVIEW

密勒氏評論報

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January 11, 1941

Chen Kung-po's Thugs Mark "Cleanup" Campaign by Bombing "Shun Pao"

Leaders Address China

S.M.C. Finances Analyzed

BY JOHN AHLERS

Roosevelt Defies Axis Powers

North-West Route Given Significance by Kremlin's Humiliating Rebuff to Japan

VOLUME 95 PRICE 80 CENTS (in China) NUMBER 6

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NEW YORK BUFFALO LONDON

What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

SHANGHAI COLLEGES

To the Editor:

The coming fate of colleges and universities in Shanghai has created a sense of melancholy among educational circles, since the evacuation of Americans in the Far East. So it is absolutely necessary that professors and students must double their efforts in the pursuit of knowledge, which is the soul of an independent nation.

I am in a state of great excitement, when I learn the insidious dope of most universities. There has been a wide bridge between the student and the teacher. The former studied for a diploma, which is only an expression of snobbery. The latter regarded teaching as a business transaction, without paying attention to the most urgent needs of the students under the present political circumstances. It is unnecessary for us to walk around the stranglehold of the past, while leaving what is happening in the contemporary world untouched. If teachers entertain the idea that it is dangerous to lecture on day-to-day events and how to criticize them with an independent mind, I will advise them: "It is better for you not to do such work as a means of supporting your families and yourselves." A mental slave is more piteous than a slave who is only physically confined. Between the teacher and the student a congenial spirit must exist, or we let all our educational institutions be destroyed.

The irresponsibility of the teachers is only the production of students' false attitude toward learning, and vice versa. Students study for snobbish honor, then teachers teach what can satisfy their desire.

All will be finished if the intelligent class of Shanghai continues to indulge in the pursuit of absurd ends. Learning is not an ornament for students; teaching is not a business transaction for professors. Dancing halls and money-markets are not the places for students and teachers to pass their leisure: research rooms are the place.

CHENG CHI-CHUNG

Shanghai, January 1, 1941

PARALYZED!

To the Editor:

The European catastrophe and its consequences have paralized my ability to understand. I have read, "J'Accuse," by Andre Simone; "The Tragedy in France," by Andre Maurois; "I saw France Fall," by Rene de Chambrun, who is a son-in-law of Pierre Laval; "They Wanted War," by Otto Tolishus, and very many articles in the newspapers and magazines on the subject. And I feel like saying, "HOW IGNORANT ALL WE EUROPEANS ARE," and what terrible crooks some of our statesmen in Europe were.

F.

San Francisco, Dec. 8, 1940.

"HORSE'S MOUTH"

To the Editor:

If army officers, the top flight ones here, can be considered the "horse's mouth," the "M" Day for the settlement of outstanding matters of long standing is set for June, 1941. By that time—so they say—the books will be in order and the Army and Navy will be in a most affable mood and most anxious to enter a discussion. In order that we in the Islands will have plenty of food for the most certain banquets to follow, diversified crop plantings are being started immediately. It's a hunch that before many more months go by, Japan will realize that we are taking a sincere interest in her efforts at a 'New Order' in the Far East.

CHOP-CHOP

Honolulu, Nov. 10, 1940.

WORLD'S CHIEF SCOUT DIES AT AGE OF 83

The death was announced on Wednesday of Lord Baden-Powell of Gilwell, the founder of the Boy Scouts movement. He died at his home in Kenya at the ago of 83 after having been in ill health for some time.

Robert Stephenson Smyth Baden-Powell was born on February 22, 1857 in London, the son of the Rev. Professor Baden-Powell, vicar of Plumstead, **Reuter** records.

In July, 1871, he went to Charterhouse, where his aptitude for games of all sorts soon made him a leader among the boys. It was intended that in May, 1875, he should go up to Balliol College, Oxford, but Professor Jowett, as the result of an informal examination, declared him "not up to Balliol form."

In the following summer it was arranged that he should be entered at Christ Church. An open examination for the Army took place in London in

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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July, however; he entered for it and although he had no special preparation, passed out fifth (second in cavalry) from among more than seven hundred candidates.

He was gazetted to the 13th Hussars, and sailed at once for India.

He served on the Staff as Assistant Military Secretary in South Africa from 1887 to 1889, taking part in the operations in Zululand in 1889. From 1890 to 1893, he was Assistant Military Secretary in Malta. When the Ashanti expedition against King Prempeh was undertaken, Sir Francis Scott selected him for special service with the column, entrusting to his charge the organization of the native levies.

From Ashanti, he returned to South Africa and served as Chief Staff Officer in the campaign in Matabeleland in 1896-7.

During this period he had several narrow escapes and was even regarded by the natives as having a charmed life; he was missed by a Kaffir who fired at him from a distance of ten yards, while on another occasion his hat was shot off his head. He amazed the natives by the skill and secrecy of his movements and the accuracy of his information, so that they gave him the name of "the wolf that never sleeps at night"

In 1899 Baden Powell was responsible for the defence of Mafeking, and was promoted Major-General. During the next three years, he was Inspector-General of the South African Constabulary which he had himself organized. From 1903 to 1907, he was Inspector-General of Cavalry.

In 1908, General Baden-Powell embarked upon the scheme which had been in his mind for many years, and appearance of the now world-famous publication "Scouting for Boys." Troops and patrols of boy scouts sprang up in all parts of the Kingdom, and it soon becme necessary to regularize the movement and put it on a proper footing. So, in 1910, "B.P." retired from the Army to give his whole time to his scouts.

In the previous year, he had been created a knight and had also received the K.C.V.O. and the K.C.B.

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, January 9, 1941

Demand selling rate on New York: U.S.$1.00—Sh.$18.18

Demand buying rate on New York: U.S.$1.00—Sh.$17.77

Demand selling rate on London: £1.0.0—Sh.$69.18

Demand buying rate on London: £1.0.0—Sh.$66.20

AMERICAN STOCK AND COMMODITY QUOTATIONS
January 8, 1941

STOCKS

Amer. Locomotive	16⅜
Amer. Waterworks	6¾
Anaconda Copper	27⅛
Bethlehem Steel	87¾
Chrysler	70⅝
Elec. Bond & Sh.	4
Gen. Motors	48
Goodyear T. & R.	12⅛
Gt. Nthrn. Rly., pfd.	26
Lockheed Aircraft	27⅜
Mont. Ward	39
N. Y. Central	14¼
Texas Corp	39
U. S. Steel	68⅞

COMMODITIES

New York Cotton, Jan.	10.44
New York Rubber, Mar.	20.16B/23A
New York Hides, Mar.	13.76/76
Chicago Wheat, May	87⅝/87½
Chicago Corn, May	62½/62¾
New York Sugar, No. 4, Mar.	0.73B/74A

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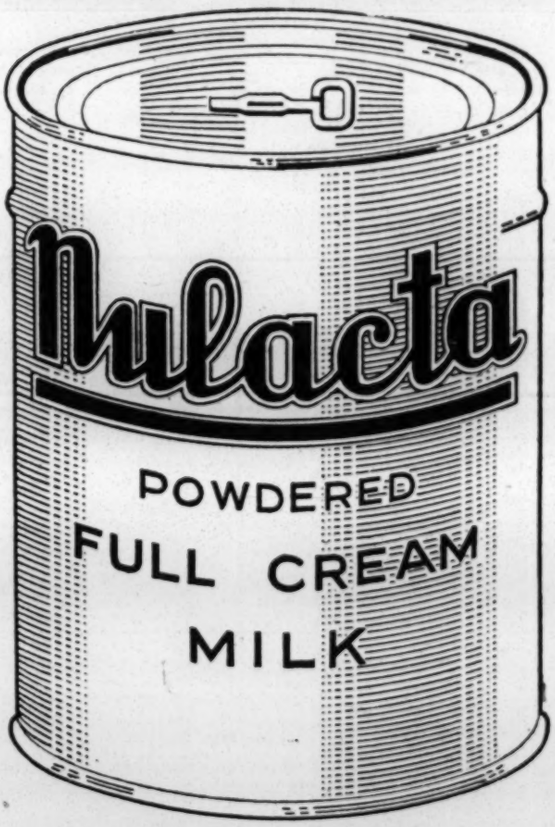

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ROOSEVELT TO CONVERT AMERICA INTO AN "ARSENAL OF DEMOCRACY"

PRESIDENT Franklin D. Roosevelt in an address comparable in many respects to that of another illustrious Democratic leader, the late President Woodrow Wilson, on the eve of America's entrance into the previous world war, defined America's policy toward the present European struggle as:

1—An all-embracing defense policy for the United States.

2—Fullest possible support to all nations fighting against the Axis Powers.

3—Rejection of any peace dictated by the Axis Powers and advocated by the so called "appeasers."

The President's exact words were:

"The need of the moment is that our actions and policy should be devoted primarily and almost exclusively to meeting this foreign evil.

"For all our domestic problems now are part of the great emergency. Therefore, our national policy is:

"First, by an impressive expression of public will and without regard to partisanship, we are committed to an all-inclusive national defense.

"Second, by an impressive expression of the public will and without regard for partisanship, we are committed to full support of those resolute peoples everywhere who are resisting aggression.

"Thirdly, keeping war away from our hemisphere.

"By this support, we express our determination that the Democratic cause shall prevail and we shall strengthen the defense and security of our nation....."

Following closely on the reports of the British and Greek victories over Italy in the Mediterranean sector and the pending Nazi advance into the Balkan sphere, Roosevelt's address obviously was designed to influence sentiment in Axis countries as well as in Russia, where anxiety over the Nazi advance into the Balkans is causing seemingly active perparations for action.

The President told the American people that sacrifices would be necessary in order to put the program into effect; that the new budget to be introduced in Congress, would have to be financed by higher taxes than heretofore, and that nobody should make an attempt and none should be empowered to enrich himself out of the nation's supreme effort. He declared that the United States must become the "arsenal of democracy for the support of nations actively engaged in defense against the Axis powers," and that the industrial plan behind the program must be so organized as to prepare the United States for its own defense should such become necessary.

He urged the United States to grant assistance to Britain to the fullest extent necessary to enable that nation to attain ultimate victory. Without stating a specific method, he urged the "renewed granting of considerably higher amounts and empowerment to carry on the task which has been begun." It amounted to a demand for extension of assistance to Britain and other countries opposing the Axis Powers that was generally regarded as approaching a declaration of war. The fact that a bill has been introduced in Congress to repeal the Johnson Act which prohibited the lending of money to nations which have not paid their loans from the last war, probably was responsible for the President's failure to mention a specific method of financial assistance. He declared that he didn't sponsor dollar loans to be repaid in dollars, but recommended measures enabling the democratic nations "to acquire war material in the United States within the scope of America's own armament program, in such manner that the whole material—if the case should arise—could be used for America's own defense."

In many respects the President's message to Congress constituted a reiteration or amplification of his previous address, delivered on Dec. 29—only ten days previously—that the United States was proceeding with its program and could not be intimidated by any threats of the Axis Powers in Europe or their ally in Asia. The full text of President Roosevelt's address last week appears in this issue. His address on the present occasion, which was delivered on Jan. 6, to a joint session of the Senate and House of Representatives, with the galleries packed with diplomatic representatives, government officials and guests, was as follows (*Reuters* report):

WASHINGTON

President Roosevelt in the most eagerly awaited speech since President Wilson's historic declaration of war in 1917, yesterday reported to a packed 77th Congress on the state of the nation, and declared that the American people had unalterably set their faces against the new order of tyranny that sought to spread over the world at the present time.

President Roosevelt declared that he addressed Congress at a moment unprecedented in the history of the Union, because at no previous time had American security been as seriously threatened from without as it was that day.

After reviewing American history since 1789, the President said: "We should remember that the peace of 1919 was far less unjust than the kind of 'pacification' which began even before Munich and which is being carried out under the new order of tyranny that seeks to spread over every country today. The American people have unalterably get their face against that.

"The democratic way of life is at this moment being directly assailed in every part of the world—assailed either by force of arms or by the secret spreading of poisonous propaganda by those who seek to destroy unity and to promote discord in nations still at peace.

"During the last 16 months, this assault has blotted out the whole pattern of life in an appalling number of independent nations, great and small. The assailants are still on the march, threatening other nations, great and small.

"As your President, performing my constitutional duty to give Congress information on the state of the Union I find it necessary to report that the future safety of our country and our democracy are overwhelmingly involved in events far beyond our borders. The armed defence of democratic existence is now being gallantly waged in four continents. If that defence fails, the whole population and all the resources of Europe, Asia, Africa and Australasia will be dominated by the conquerors."

Declaring that it was immature, and incidentally untrue for anybody to brag that an unprepared America, single-handed and with one hand tied behind its back, could hold off the whole world, the President gave warn-

ing that no realistic American could expect international generosity, the return of true independence, world disarmament, or even good business from a dictator's peace.

"We must always be wary of those who, with sounding brass and tinkling cymbals preach the 'ism' of appeasement. We must especially beware of that small group of selfish men who would clip the wings of the American eagle in order to feather their own nests.

"There is much loose talk of immunity from direct invasion from across the seas," the President said. "Obviously as long as the British Navy retains its power, no such danger exists. Even if there were no British Navy it is improbable that any enemy would be stupid enough to attack us by landing troops in the United States from across thousands of miles of ocean until he had acquired strategic bases from which to operate."

President Roosevelt proceeded "As long as the aggressor nations maintain the offensive, they, and not we, will choose the time, place and method of their attack. That is why the future of all the American republics is today in serious danger. That is why every member of the executive branch of the Government and every member of Congress faces great responsibility and great accountability."

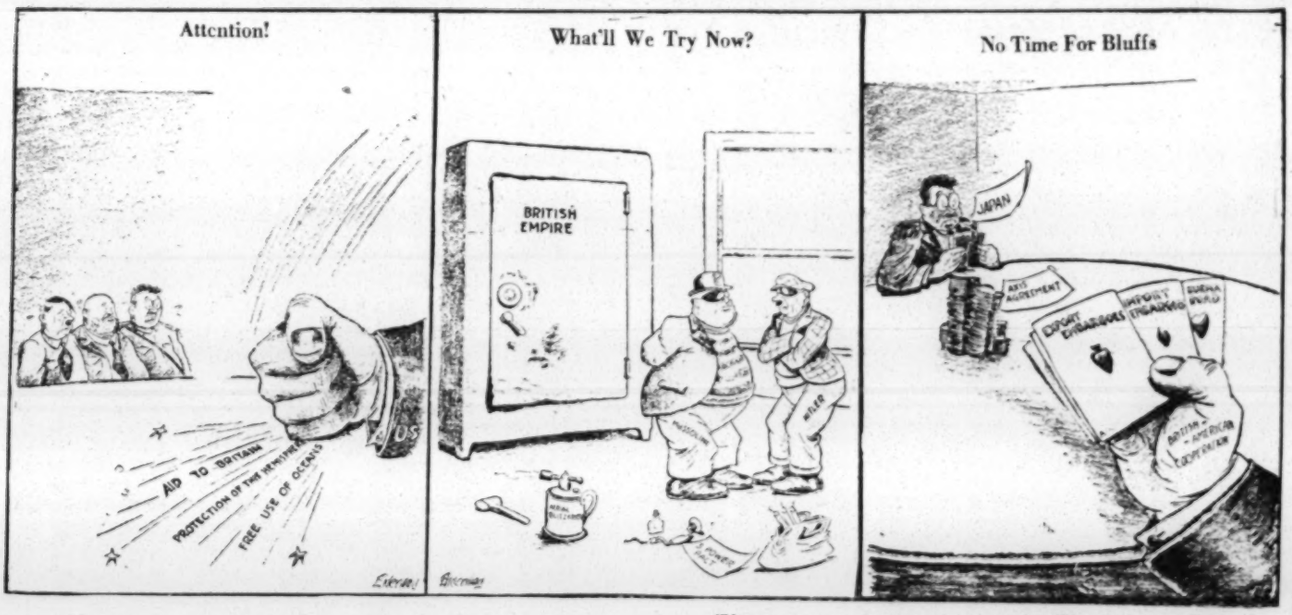
must surrender because of their present inability to pay for weapons which we know they must have.

"I do not recommend that we make them a loan of dollars with which to pay for these weapons—loans to be repaid in dollars. I recommend that we make it possible for these nations to continue to obtain war materials in the United States, fitting their orders into our own programme.

"Nearly all their material would, if the time ever came, be useful for our own defence. For what we send abroad we shall be repaid within a reasonable time following the close of hostilities, either in similar materials or, at our own option, in other goods which they can produce and which we need.

"Let us say to the democracies 'We Americans are vitally concerned in your defence of freedom. We are putting forth our energies, resources and organising powers to give you the strength to regain and maintain a free world. We shall send you, in ever increasing numbers, ships, planes, tanks and guns. This is our purpose and our pledge."

"In fulfilment of this purpose we will not be intimidated by the threats of the dictators that they will



Three recent cartoons from the Washington Post

Declaring that the American national policy in foreign affairs was based on decent respect for the rights and dignity of all nations large and small, and that the justice of morality would win in the end, President Roosevelt condensed his policy into three points:

> "First, by the impressive expression of public will, without regard to partisanship, the United States is committed to an all-inclusive national defense. Secondly and similarly, the United States is committed to the full support of all those resolute peoples everywhere who, by resisting aggression were thereby keeping war away from the Western Hemisphere. Third, the United States is committed to the proposition that the principles of morality and considerations of her own security would never permit her to acquiesce in a peace dictated by the aggressors and sponsored by the appeasers."

"I shall ask Congress for greatly increased new appropriations and new authorisations to carry on what we began, and for authority for funds sufficient to manufacture additional munitions and war supplies of many kinds to be turned over to those nations, which are now in actual war with the aggressor nations."

The President added: "Our most useful role is to act as an arsenal for them, as well as for oursleves. They do not need man-power. They do need billions of dollars worth of weapons of defense.

"The time is near when they will not be able to pay in ready cash. We cannot and will not tell them they regard as a breach of International Law and as an act of war our aid to the democracies which dare to resist their aggression. Such aid is not an act of war even if a dictator should unilaterally proclaim it so to be.

"When the dictators are ready to make war on us they will not wait for an act of war on our part. They did not wait for Norway, Belgium or the Netherlands to commit an act of war. Their only interest is in a new, one-way, International Law, which lacks mutuality in its observance and therefore becomes an instrument of oppression."

Declaring that everyone must be prepared to make the sacrifices which the emergency demanded, President Roosevelt said that in his budget message he would recommend that a greater portion of the defence programme should be paid from taxation than is being paid at present.

"No person should try, or be allowed get rich from this program. In future days we shall look forward to four essential human freedoms,—freedom of speech, and expression everywhere, freedom of and the right to worship God in their own way everywhere, freedom from want, and freedom from fear."

The President concluded: "This nation has placed its destiny in the hands, heads and hearts of millions of free men and women and its faith in freedom under the guidance of God. Freedom means the supremacy of man's rights. Everywhere our support goes to those who struggle to gain those rights or keep them. Our strength is in our unity of purpose. To that high conception there can be no end save victory."

Free China Faces "Life or Death" Year with Confidence in Leaders; Stern Resolve in Ability to Win War

Described dramatically by General Chiang Kai-shek in an impressive New Year's Eve broadcast to the nation as China's "life or death" year, 1941 was faced with confidence by the nation's leaders and stern resolve by the people, a survey of last week's messages from Free China revealed.

Speaking in his capacity as President of the China Military Affairs Commission, General Chiang urged the nation to redouble its efforts for the achievement of ultimate victory in the year of crisis ahead.

The Generalissimo expressed deep satisfaction at President Roosevelt's promise to extend all possible aid, short of war, to China's campaign of resistance against Japan, the Far Eastern partner of the Totalitarian Axis.

To be worthy of the sacrifices made by the officers and soldiers, as well as civilians, killed during the campaign of resistance, and of the assistance extended by "friendly powers," Gen. Chiang added, the people must make even greater sacrifices in the coming year.

National reconstruction, Gen. Chiang emphasized, should proceed simultaneously with the campaign of resistance, for the nation's power of resistance could come only from economic reconstruction.

Referring to President Roosevelt's recent "fireside chat," in which he said China was fighting a great war in defence of freedom, Gen. Chiang said, "We cannot help but feel ourselves stimulated and encouraged in no ordinary way by hearing this expression of so lofty a conception of our struggle."

"With Cheer and Hope"

That China looked with confidence to 1941 was declared by Dr. Wang Chung-hui, China's Foreign Minister, in a radio address to the United States. The reason, said Dr. Wang, was that the United States never had failed China in her times of trial.

"We welcome 1941 with cheer and hope," added Dr. Wang, "Cheer-because we have withstood and survived the onslaught hurled against us by one of the world's most powerful war machines. Hope—because we look forward to the future with confidence, knowing that our cause inherently is right and just *and* that in the end it will prevail."

The year 1941 would see the ultimate success of China's campaign of resistance and a fundamental solution of the "pacific problem," Mr. Sun Fo, President of the Legislative Yuan, declared in a New Year message to the Chinese people.

The so-called "Pacific problem," President Sun Fo said, had arisen from Japan's scheme to subdue China and seize the hegemony of East Asia. This problem could be solved only when China had won ultimate victory.

Ever since the conclusion of the Sino-Japanese War (1894) and the Russo-Japanese War (1905), Japan had harbored ambitions to conquer China as a stepping stone for the conquest of the world, he declared.

Since July 7, 1937, however, President Sun Fo continued, China had been offering stiff and prolonged resistance against Japanese aggression. In the past three years, the Japanese had spent Yen 60,000 millions, and suffered more than 1,600,000 casualties.

While the strength of the Japanese army had already been spent in the past three years' hostilities, President Sun Fo added, China was becoming more powerful both militarily, politically, economically and diplomatically.

The international situation had never been so favorable to China's campaign of resistance in the past three years as at present. If Japan should expand further southwards, she would be checked by the United States and Great Britain by force of arms.

In conclusion, President Sun Fo said that by utilizing this favorable international situation, China should launch a counter-offensive against the Japanese. He urged the Chinese people to cooperate fully with the Government in this important task.

Social, Economic Reconstruction

Social and economic reconstruction work, on which General Chiang urged the efforts of the nation, meanwhile made important progress last year, surveys showed. According to an announcement by General Chiang, the Government's Six-Year Opium-Suppression Program which expired on the last day of 1940 had been carried out according to original plans. Reports received from various provincial and municipal Governments declared that the program had been carried out ahead of the original time-limit set for the complete suppression of opium. The opium evil officially was totally suppressed in Free China by the end of September last year, with the various opium supply organs completely liquidated in October.

"Adolf and Musso Take Japan For a Ride"

Talburt in the New York World-Telegram

To prevent a recurrence of the opium menace, the Executive Yuan at one of its meetings on December 31, revised and approved the Draft Provisional Regulations governing punishment for Violation of Opium and Narcotic Suppression and the Draft Rehabilitation Measures relating to Opium and Narcotic Suppression upon the recommendation of the Ministry of Interior. The punishment provided for in the new regulations, it was learned, is more drastic than that provided for in the old regulations.

The Executive Yuan, meanwhile, at the request of the Ministry of Social Affairs, decided to authorize the the establishment of a Department of Social Affairs under each Provincial Government. The handling of social affairs thus is expected to be greatly accelerated.

After a series of local elections since the adjourment of the outgoing Council in April, last year, the first session of the Second National Peoples' Council is scheduled to be convened during February, according to official Chungking reports. The list of the newly-elected councillors to attend the Second National Peoples' Council, was formally announced in Chungking on December 23, and was passed by both the Supreme National Defense Council and the Kuomintang Central Executive Committee.

In order to centralize opinions from as various quarters as possible, the number of the new councillors was increased to 240 instead of 220 as specified by the original revised statute promulgated by the National Government on September 25, last year.

Most of the new Councillors will be serving a second term. According to the Council's original revised statute, the Presidium system will be adopted by the coming National People's Council in lieu of the old "Chair" system.

⁂

Admiration for China's campaign of resistance and national reconstruction was constantly expressed by a Burmese Goodwill Mission, consisting of eight prominent journalists, which recently toured Free China. After their arrival in Chungking on December 28 from Kunming, they were received by General Chiang Kai-shek, President Lin Sen and others.

⁂

The Second part of the Sino-Soviet Barter Agreement, relating to the exchange of Chinese wool for Soviet products, was signed on January 2 by the Chinese and Soviet Governments. The first part of the Agreement was signed last year, providing for the exchange of Chinese tea for Soviet products. The third part of the Agreement will be signed shortly.

⁂

Shanghai Press Welcomes Year

With censorship apparently relaxed to an unusual extent, the Shanghai pro-Chungking press ushered in 1941 with the slogan of "Welcome the Victory Year."

From utterances and press comments, the *North China Daily News* reported, it would appear that thinking Chinese were trying their best to impress the masses with the idea that the slogan indicates much more than wishful thinking, by asserting that the international situation was definitely in favor of China. Anyway this was the first time the Chinese boldly marked out a new year as the "victory year" after more than three years' fighting.

Chinese national flags were enthusiastically hoisted throughout the city on the New Year's Day when patriotic handbills also were distributed by the Chinese. All big amusement centers and hotels were crowded to capacity, mostly by Chinese.

Restrictions Relaxed

Press censorship restrictions appeared to have been relaxed because even General Chiang Kai-shek's New Year message was allowed to be published in the leading Chinese dailies. Chinese newspapers in Shanghai have been unable to publish General Chiang's statements for a long time, since the Shanghai Municipal Council enforced censorship regulations in favor of the Japanese and the puppet Chinese authorities. President Lin Sen's new year message also was published.

Commenting editorially on the new year, the *National Herald* declared that this was also the victory year for the anti-aggression bloc. It was further admitted that this was the most important year to both the aggressors and those opposed to them and that in order to secure victory for the latter there should be close cooperation.

Ford Hire Service Reported Sold To Chinese Interests

It was reported—and denied—last week that the Ford Hire Service, leading taxicab company in Shanghai had been sold to Chinese interests. R. W. Brewer, manager of the Company, which is Federal Incorporated, U. S. A., would neither deny nor confirm the report in an interview published in *The China Press* on Jan. 3. The account in *The China Press* stated that reports were in circulation that Ford Hire Service might be the first major American concern in Shanghai to sell out as a result of the State Department's advice to Americans to clear out of the Far East.

Mr. Brewer, manager of the Company stated that no negotiations for the sale of the concern were taking place "at this time." He also denied that Chinese interests had approached him with offers of purchase, but admitted that the Company "might be sold." "Anything can happen....there is no likelihood of a sale in the near future," he said.

While it was not mentioned in the foregoing report, it was stated that the Ford Hire Service was seriously embarassed and suffered heavy loss as a result of the latest Japanese blockade of the western or "badlands" section of the International Settlement. On that occasion the Japanese only permitted the Silver Taxi Service to operate within the forbidden district, thus indicating that some private arrangement had been made. The directors of the Silver Taxi Service, as listed in the Shanghai Directory (July, 1940 edition) are Pao Li Tsiang, Z. L. Loo, C. T. Feng, with V. P. Howe as traffic manager.

Two other companies, Johnson Garage, Ltd., also a Chinese company, and Taylor Garage, Ltd., a British concern, were also barred from operation in the Japanese barred zone, according to report.

According to an article in *The Sin Wan Pao* a few months ago, a survey of the taxicab situation in Shanghai indicated that the prosperity of the companies depended largely upon business provided by the gambling dens, most of which are in the badlands district, and on the taxi-dance halls and night clubs. The report in the Chinese paper said that an employe of one of the garages had compiled statistics showing that 35% of the trips were made to gambling dens and 22% to dance halls. The complete report was as follows:

Trips made to gambling dens	35 per cent
Trips made to dancing halls	22
Trips made to prostitute houses	16
Trips made to Restaurants	20
Trips made to other places, including offices, etc.	7
	100 per cent

The Ford Hire Service is one of the oldest American businesses in Shanghai. It was started by an American named John Gold, formerly a teacher in one of the local universities. Mr. Gold retired several years ago with a fortune derived from the business and has been able to add materially to it by dividends through the succeeding years. Originally the charge for a single ride, regardless of distance, was Ch.$1, with an added 20-cent tip for the chauffer. The rates have been raised in recent years, the latest increase being in December when the price was raised to Ch.$3.60, which, with an added 40-cent tip for the chauffer, made a round $4.

A report in Wang Ching-wei's paper, *Central China Daily News*, told of handsome profits piled up by the taxicab companies during the tramway and bus strikes in the International Settlement and French Concession. It was claimed that Johnson Garage increased its revenues by $200,000; Ford Hire Service by $170,000, Taylor and Silver Garages by $160,000. The article said that the Johnson Garage did a weekly business of $300,000 or $1,200,000 a month. The Wang paper said that a survey indicated 32 garages operating in the city, the names of the companies being: Taylor, Silver, Szechwan, Tung Sin, Yu Hwa, Park, Yung Te, Shih Chieh (or Other World), Tung Fang, Chiao Tung, Mei Hwa, Ta Kong, Ta Tung, Kwan Lu, Hwa Mei, Hwa Sin, Tung Sin, Yi Ya, Hwa Yang, Shanghai, Fa Teh, San King, Asia, Foochow, Moon Palace, Shiu Sin, Chen Sin, Yu Hwa, and Sin Shen garages.

The frequent publication of reports indicating the profitable nature of the taxicab business was thought to indicate an intention on the part of certain interests affiliated with the Japanese and puppet regime to obtain control of these important transportation concerns. It also was reported in the local newspapers recently that the puppet regime intended to force the taxicab companies as well as private owners of motor cars to obtain licenses from the Chinese Municipality as well as the foreign administrations.

Under-Cover Methods of S.M.C. Should Be Stopped Immediately

As clearly pointed out by Mr. John Ahlers in an analysis of the Shanghai Municipal Council's finances elsewhere in this issue of *The Review*, Shanghai ratepayers shortly will be compelled in their own interests to approve an increase in rates and taxes. The Settlement is more or less a state incorporate in which all ratepayers are required to bear whatever share of adminstrative costs they may bring upon themselves. Owing to exchange fluctuations since the ratepayers of the Settlement approved the 1940 budget, they are faced with a supplementary deficit which must be met if Municipal bankruptcy, or worse still, surrender to the ambitions of the local Japanese gentry are to be avoided. That, in a nutshell is why the Settlement Ratepayers have been convened to attend an extraordinary meeting shortly, and why, whether they like it or not, they will have to approve the supplementary spending.

Mr. Ahler's balance sheet, however, fails to tell the whole story.

Since the 1940 meeting of Ratepayers, at the special demand of the local Japanese community, the Shanghai Municipal Council has had the advice of an Economy, Committee. The record of that Economy Committee, on which the Japanese secured special representation before agreeing to approve a Hongkong and Shanghai Bank loan to the Council, secured by an increase in rates and taxes last year, is truly peculiar.

The Economy Committee went into action last June on three essential services—the Police, Fire Brigade and the Public Health Department. In a city haunted by crime, fear of fire and disease, the Economy Committee effected such economies that some of the city's outstanding public security workers were compelled to get out. They were not the gilded elite drawing handsome sterling and gold salaries; they were the people who were doing the spade work for which far, far too many of the Sunday Pictorial Supplement devotees were getting the credit.

Among the even lower-bracket salary men in the employ of the S.M.C., the Economy Committee effected revolutionary changes—and revolutionary is used in the fullest sense of the word. Woefully underpaid police constables and P.W.D. rubbish men were compelled to strike in order to secure the meanest of living conditions. And in so doing, they won some amelioration of conditions for those whose terms of employment prevented them from using the same *force majeure*.

At the other end of the wage scale, however, there was a notable lack of enthusiasm towards economy measures. The Economy Committee found itself unable to recommend the reduction to reasonable levels of salaries paid to officials in foreign currency. On the contrary, it must be assumed that the Committee approved the retention at a ridiculously high wage of a legal adviser, who despite his undoubted qualifications, very well could be replaced by as good a man at half the price. The Committee also permitted the retention of the S.M.C. Orchestra, a nonsensical burden on the Settlement in the first place at a time like this, and in the second place of greater value to the French Concession than it is to the Settlement. So far as can be ascertained, the Economy Committee also allowed the S.M.C. London agency to survive, although what purpose it has served over the past three years is difficult to discover and what purpose it can possibly serve at the present time even more difficult to discover.

The foregoing is as much as may be ascertained on the surface. What has been going on under the surface, in view of the specific promises of the S.M.C. to effect economies during 1940, needs immediate ventilation. The Shanghai Municipal Council, which means the Ratepayers of Shanghai, is faced with a crisis of major proportions, and the Ratepayers should be fully informed on the cause of this crisis. A loss of confidence in the Council among Ratepayers at present would be fatal to the future of the Settlement, but on the face of it, they are offered any of three conclusions:

That the Council cannot afford to have the findings of the Economy Committee made fully public;

That the Japanese members of the Economy Committee were either completely outclassed in the international squeeze play which has been going on in the Council in the last eight months; or

That the Japanese members of the Economy Committee have put over on the Ratepayers of Shanghai one of the finest pieces of "Fifth Column" work ever seen in a city well-known for its iniquity.

Whatever may be the answer, the Settlement Ratepayers should demand it on January 23.

Settlement Gamblers Heavily Fined But Operate Freely Outside

Nearly 100 Chinese, consisting of employes or customers of the Pai Loh gambling and opium-smoking den on Avenue Haig, who were arrested by the police authorities of the International Settlement in a raid on New Year's night, received fines ranging from $80 to $250. Many, unable to pay the fine, were forced to go to jail and serve terms at the rate of one day for each $2 of the fine.

The case was heard in First Special District Court on Jan. 4 before an audience consisting largely of relatives of the accused, who packed the court-room. Of the 94 accused, 34 admitted they were employes of the house, which was located at No. 122, Passage 126 Ave. Haig. The police raid had been carefully planned and was a complete surprise, despite the fact that the proprietors of the den had paid a large sum to one Pan Dah, who had guaranteed the proprietors that he would provide complete protection. When the Municipal Police arrived, they found five armed guards at the entrance, who fled at the approach of the police. None of those arrested was thought to have a proprietary interest in the place. The police also seized a considerable quantity of opium—which was served free to guests—as well as considerable gambling equipment.

C. S. Bang, the Assistant Municipal Advocate, stated at the trial that the man Pan Dah, who had guaranteed the place protection, was an official of the local municipal government headed by Mayor Chen Kung-po. The report in *The China Press* said that Pan Dah's guards, stationed at the entrance, were members of the puppet government police force, who had been brought into the Settlement to protect the gambling and opium-smoking den. This indicated that the joint was a branch of one of the establishments in the badlands which receives the protection of Wang Ching-wei head of the Nanking puppet government and the Imperial Japanese Army. According to the report in the *North-China Daily News*, the Pai Loh den as well as others recently opened in the International Settlement, was connected with the syndicate which operates in the badlands under Japanese-Puppet protection. The report stated that "some of the employes of these dens are in league with the criminal elements operating in Japanese-controlled territory."

Although the Municipal police acted resolutely to close the new houses opened in the Settlement, developments in the outside areas have been in the opposite direction. Two new houses were opened on Yu Yuen Road shortly following the inauguration of the new Mayor, Chen Kung-po and in addition it was reported that numerous smaller dens have been opened in the alleyways leading off Yu Yuen and other streets in the vicinity. The opening of new joints has led to considerable disorder of a "hi-jacking" character, such as the kidnapping of customers who have been lucky and had considerable money in their possession when they left the places. Spies of rival establishments or gangsters were said to visit the tables and observe winners who were picked up and spirited away when they departed for their homes. One gambling house known as Loh Yuan in the Nantao area was raided by gangsters on New Year's Day just as the establishment was presenting a "nude show," consisting of a number of scantily clad Chinese girls.

Ratepayers Faced with Necessity of Paying for Exchange Drop Effect on Shanghai Municipal Council Finances

BY JOHN AHLERS

The Shanghai Municipal Council embarked on the year 1941 with the International Settlement's accounts once more in the red. The day before New Year's Eve, the Settlement's treasury was just breaking even, but on December 31, 1940, the S.M.C. was confronted with an obligation to pay to holders of municipal debentures $1,000,000 in interest, and to pay to police and officials increases in High Cost of Living and Rice Allowances for both December and November. As a result, the Council met New Year's Day with a substantial overdraft, to the amount of more than $3,500,000. This money had to be borrowed short term from local banks, and this credit will have to be repaid soon or be consolidated under another municipal loan issue. A new S.M.C. loan in 1941 is a serious possibility, and as things are today there still is a good chance of placing it—but its proceeds cannot be expected to provide more money than is required to cover the present overdraft, as well as to place some new cash at the treasurer's disposal.

The nominal $16,000,000 proceeds of the 1940 S.M.C. loan issue, which produced $15,200,000, have been spent. The deficit of the International Settlement's administration last year amounted to roughly $9,000,000. The $5,500,000 deficit anticipated under the 1940 draft budget has been covered with part of the proceeds of the 1940 loan, but the actual deficit surpassed estimates by about $3,500,000, for which amount no provision had been made, and which is represented by the present overdraft. Once more, the Settlement has been unable to keep within the limits of the draft budget; once more expenditure outdistanced revenue far more than estimated.

S.M.C. revenue, it is true, substantially increased last year. The new surcharges on land tax and general municipal rate as well as the license fee increases accepted by the Ratepayers' last meeting in April, 1940, came into effect on July 1 last and produced the expected results. Revenue also increased because the general level of rentals rose considerably, while numerous newly erected buildings yielded additional revenue. Yet the Settlement's financial administrators felt more than ever the unfavorable effects of the time-lag between rising revenue and increasing expenditure, which latter is far ahead of the former.

Settlement expenditure last year not only rose more than anticipated, but much faster and to a considerably greater extent than did revenue. This rise occurred through no fault of either the Council or the rank and file of the Ratepayers. It clearly was a case of force of circumstances brought about by continued depreciation of National Currency. The draft budget for 1940 was worked out and accepted upon the basis of a 4d. exchange value. It is satisfactory to note, on close study of the Settlement's accounts, that had exchange remained at 4d., the municipal deficit would not have passed the budgeted amount of $5,500,000, which would have been covered fully by proceeds of the 1940 S.M.C. loan.

Exchange Down Spending Up

Exchange, however, last year dropped from 4d. to below 3½d., and still more in terms of American currency. The drop in exchange correspondingly forced up the bulk of municipal expenditure. Other factors, such as higher world prices in terms of gold, the extraordinary height of freight rates, and especially the increased Japanese squeeze on all inland produce forwarded to Shanghai, considerably added to the increase in prices of materials consumed by the Council's various services, and in particular to that of the living cost of the Council's police and employees. Soon after the 1940 draft budget had been passed, the S.M.C. was compelled to increase the High Cost of Living Allowance to its employees from 40 to 60 percent, and later to 97 percent, and once more (together with Rice Allowances to the police) heavily in November. The strike in the police force convinced the S.M.C. of the inevitability of these pay increases.

The 1940 increases in High Cost of Living and Rice Allowances now form the chief financial problem the Settlement has to cope with. The November increases alone burden the Council with an additional expenditure of $1,200,000 monthly, or $18,000,000 annually. The very height of these amounts indicates the necessity of dealing with these expense increases immediately. Some Ratepayers may have preferred the Council to wait for the next annual general Ratepayers' meeting, to be held as usual in April, to decide upon corresponding tax and rate increases to take effect from April 1 next. From November, 1940, to March, 1941, however the S.M.C. then would have experienced another five-months time lag resulting in $6,000,000 of uncovered expenditure under this one head alone. By the time of the ordinary Ratepayers meeting, the Council's overdraft would have amounted to nearly $10,000,000, if not to more in the event of a further drop in exchange.

The Council, therefore, seemingly was technically well-advised in dealing with this situation as quickly as possible, and in convening for Thursday, January 23, 1941, an extra-ordinary Ratepayers meeting to provide early coverage for the recent additional municipal expenditure. The Council proposes to impose an additional 40 percent surcharge on the present gross total of land tax and general municipal rate plus existing surcharges. The Council, in addition, will propose sharp increases in license fees, especially for motor cars and bicycles. All these increases are proposed to take effect retroactively from the beginning of 1941. If these proposals are passed, the Council expects to break even financially once more, and on the basis of the now pending new tax, rate and fee increases to present a balanced draft budget for the current year.

Ratepayers' Position

The coming Ratepayers' meeting, of course, is at liberty to amend the Council's proposals. The new schedule of license fees to be proposed, for instance, may be changed. Ratepayers, however, again are not in a position to turn down the demand for additional money which has to be raised roughly along the lines suggested by the Council. It is impracticable to readjust the distribution of municipal revenue among the various items of revenue. It is impossible, under the existing Land Regulations, to introduce new taxes not yet in existence, except perhaps for a few new license fees which, however, would not yield a great deal of revenue. The new expenditure is a *fait accompli*, the corresponding coverage has to be provided and on the whole can be provided only by adoption of the Council's tax, rate and license fee increase proposals.

Settlement Ratepayers will be compelled to realize that the Municipal Loan Suspense account cannot be drawn upon any longer to pay for current expenses, and that no more municipal loans can be raised for such purpose except possibly for a limited amount to liquidate the present overdraft and give the treasurer a moderate cash fund. Current Settlement expenses will have to be covered to full extent by current revenue from municipal taxation. As things are now, total S.M.C. expenditure for 1941 will be about $78,000,000. These figures are given on the assumption that the exchange throughout 1941 will be steady. Should another heavy drop occur in local currency's exchange value, and should living costs and municipal salaries and wages continue to increase, a $100,000,000 budget this year no longer would appear to be without the reach of possibilities.

Roosevelt Speech Hailed as Affirmation of Democratic Unity

World reaction to President Roosevelt's address before Congress on January 7, outside of the Axis bloc, hailed the speech as an affirmation of the unity of world democracy. A selection of comments immediately forthcoming were as follows:

Chungking.—The official *Central Daily News* called the speech "a warning to aggressor nations," while the *Ta Kung Pao*, influential Chinese daily, believed that the President of the United States had made "a lion's roar for a determined struggle with aggressor nations."

In a leader the *Central Daily News* declared: "The speech reveals the trend as well as the determination of the United States' future policy. The United States will not see the defeat of those nations fighting aggression, but will give military supplies and material assistance to them. Though the totalitarian states may describe such action as a violation of International Law or a warlike act, the United States will not submit to their intimidation."

Tokyo.—The *Nichi Nichi Shimbun* emphasized a part of President Roosevelt's message that "the United States should become an arsenal for democratic countries" and stated that this was virtually a declaration of war towards those countries who were now fighting Britain and Chungking.

The paper voiced the firm determination of the Japanese Imperial forces that they were prepared to frustrate American plans to ship ammunition to Chungking through the Japanese blockade.

The *Hochi Shimbun* stated that this was just another example that the widening gap between the United States and the Axis powers had been created solely by a series of challenging American attitudes, such as more positive assistance to Britain by all means, short of war, the advance of loans to Chungking, and a common strategy by the British, United States and Australian navies against Japan.

Pending the receipt of the full text of the message, officials cautiously declined to comment on President Roosevelt's annual message to Congress in which he again emphasized that the United States would continue to aid Great Britain, Greece and China.

Authoritative quarters, however, described the President's annual message as being a repetition of his recent fireside speech and declared that the message contained nothing new which was worthwhile commenting upon.

Rome.—While official reaction was not yet available on January 7 on President Roosevelt's annual message to Congress, observers foresaw Italy giving no importance to the speech as deciding the outcome of the war.

All Italians were at present centering their attention on the struggle going on in the Libyan desert.

Moslem General Makes Huge Donation to Chinghai Province

The Chinese Moslem General, Ma Pu Fang, Chairman of the Chinghai Provincial Government, has made a donation to the province of Chinghai of over $75,000,000 to be used as educational funds with the object of eradicating illiteracy from the province, it was announced in Chungking on January 5.

The sum was part of a personal inheritance the General had recently received, and was made up both in cash and in kind.

Included in the donation are over 10,000 houses, 53.000 mow of cultivated (land, and over 10,000 heads of cattle.

The authorities of the provincial Government have taken over the various items included in the donation, and they will be handed to the educational authorities shortly.

General Ma's gift probably constitutes the greatest one man donation to any official organization in China, and has caused much satisfaction in official quarters here.

Natives of Chinghai province have sent many messages to General Ma, expressing their gratitude for the donation.

Serious Russo-Japanese Clash Causes Delay in Fishery Deal

A serious clash involving the machine-gunning of Japanese fishery boats by Soviet airplanes, resulting in the killing of more than 10 Japanese and wounding of many others, on Dec. 20 last, has resulted in a last-minute hitch in the negotiations for an extension of the Japanese fishery pact. According to report from reliable sources, the Japanese fishing boats were well within Russian territory in the vicinity of the Tumen River when they were detected by Russian aviators whose duty it is to guard against such contingencies.

The Japanese lodged a strong protest with the Russian Government over the incident but both governments decided to withhold publicity due to the tense international situation. The French Havas service reported from Moscow on Jan. 2 that the Japanese Ambassador, Gen. Tatekawa, had called on Viacheslav Molotoff at the Kremlin, and discussed a "prolongation of the trade agreement," but nothing was said about the clash on the Siberian border.

The official *Domei* service reported from Tokyo on Jan. 7 that a hitch had occurred in the signing of the Soviet-Japanese fishery pact, but nothing was said as to the cause of the delay. Earlier reports indicated that the Russians were only willing to extend the pact for another year, despite the fact the Japanese were pressing for a 5-year extension. The refusal of the Russians to make a longer extension than one year was stated to be due to Russian plans to develop their own fisheries. It was stated that large canneries have been constructed in Vladivostok. Domei reported on Jan. 7 that Yuko Tanakamaru, vice-president and general manager of the large Soviet-Japanese Fishery Company, had resigned, supposedly because of ill health.

Japanese Send Two Mongol Regiments to Canton Area

The Japanese Army authorities have sent two regiments of Mongol-Chinese troops, numbering 3,200 men, strengthened by 400 Japanese soldiers and officers, to the Canton area. The Mongolian troops, first seen here in a decade, were quartered in the Jessfield Park district and aroused considerable curiosity on the part of the public because of their fur hats and heavy winter uniforms. The Mongol troops arrived in Shanghai on Dec. 28 and 29 and departed by ship on Jan. 4, the destination being Canton, according to statements of Japanese Army officers. The Mongol soldiers told inquirers that they came from the border region between Jehol and Suiyuan. It was rumored that the Japanese purpose in sending Mongols to Canton was to prevent the Cantonese from "propagandizing" the men and causing them to rebel against their Japanese officers as frequently had occurred in the past. The fact that the Mongols could not speak the Cantonese dialect was thought to make them proof against Cantonese blandishments.

U.S. Strengthens Defenses in Alaska and Bering Straits to Meet Twin Threat of Russian and Japanese Action

Out of the tightening economic and military blocks in the Pacific, three important trends of recent weeks indicate that the ancient link between East and West, the Bering Straits gap, may soon become a crucial factor in the growing controversy.

The United States announced more appropriations for bases extending the range of her air arm from Alaska out over the North Pacific. Considerable Soviet activity was noticed among newly constructed harbors and air bases in the Bering Islands, extending Russian influence over the same area. Conversations with Moscow on the part of Washington and Tokyo officials revealed continued Russian unwillingness to make permanent to Japan the fishing treaty for rights off the Siberian coast, while on the other hand there was increasing understanding between Russia and America as to oil charters and the appointment of a U.S. Consul-General to Vladivostok for the first time in history.

Were these trends to further a Russian-American alliance, it would seriously affect the economy of Japan, who depends on Russia for 150,000,000 yen worth of fishing per year other than the coal, oil, iron, and chemicals now stopped by the American embargo.

If a Russian-Japanese alliance resulted, it would mean that Alaska would become the outpost of American defense. Russia, obliged to turn to the Pacific because of the European war, needs Pacific goods such as rubber, wool, metals, and chemicals, available only from the South Seas and the Americas. The balance of control over these areas rests between Japan and America. Russia hence must maneuver with Tokio or bridge the gap with America across the Bering Straits.

In either case, to fortify and extend the influence of Alaska over the North Pacific is paramount with America, as a lever for negotiations with Russia or Japan.

Intense Activity

Alaska, once termed by the late General William Mitchel as the "Achilles heel of America," and until two years ago defended by 30 infantrymen in Chilkoot barracks plus one antique cannon left by the Russians and now used as a flower-pot, has speedily become the scene of the most active of American defense plans.

Late in 1937, **Foreign Affairs Magazine** states, the United States Navy acquired by Executive Order a tract of land at Women's Bay on Kodiak Island, and work was begun shortly thereafter on all three bases recommended by the Hepburn Report, which ordered the defense of Alaska. Amounts reaching U.S.$30,000,000 were appropriated for construction.

More appropriations this year have equalled that amount, and plans are under way to solve the remaining major problem, transportation to Alaska from America. The outpost boasts but one really useful railway, from Seward to Fairbanks, and its highway system is both limited and primitive. Except for the semi-weekly air service recently begun from Seattle to Juneau, all transport between Alaska and the United States must be by boat.

A suggested solution to the transportation problem was introduced as long ago as 1929. Endorsement was made of a highway across western Canada, linking Canada with the Pacific Coast Highway. Under the present impetus, President Roosevelt has ordered another commission to investigate possibilites of including the expense, roughly US$25,000,000, in the cost of "Home Defense" appropriations.

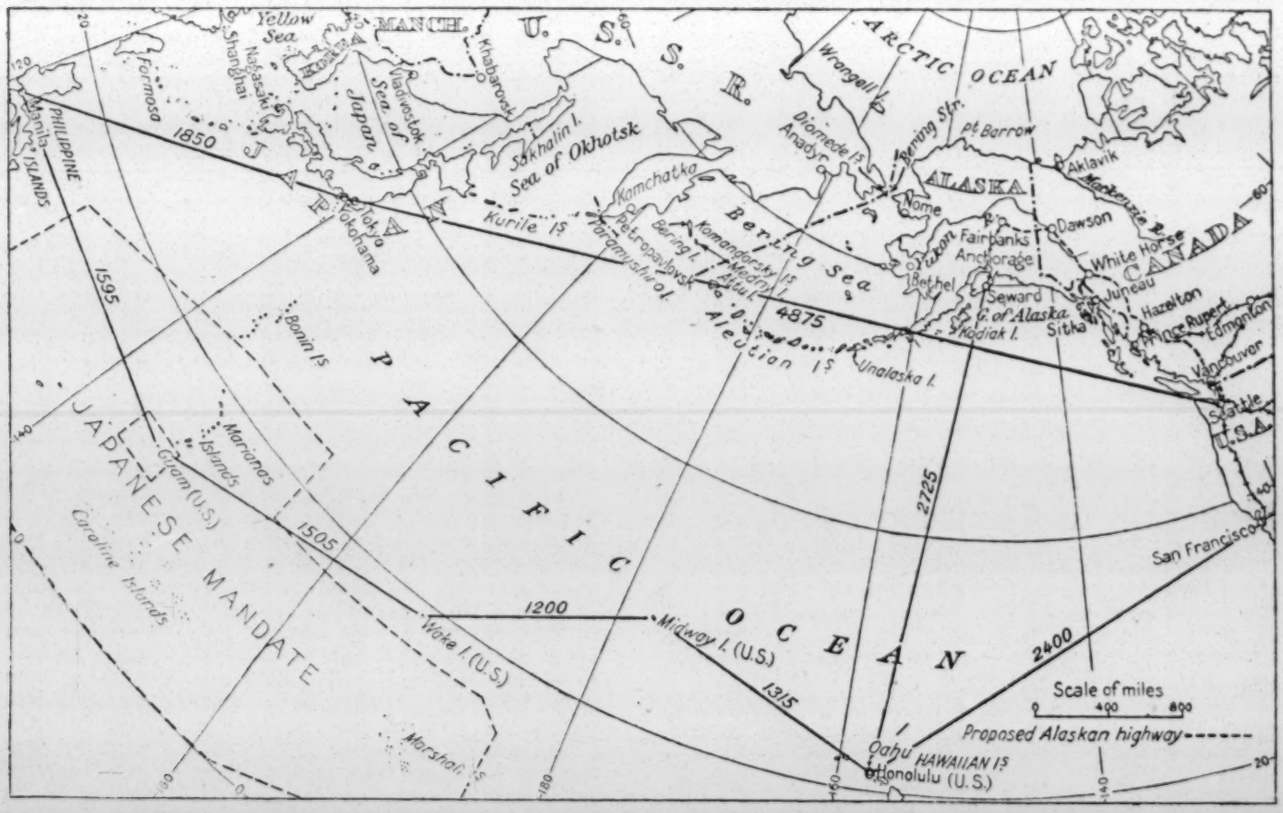
Great Strategic Value

The strategic value Alaska will have under these plans is revealed by a glance at the map. As prepared by **Foreign Affairs Magazine**, statistics show that the Great Circle route between the American west coast and Japan passes close to the southern Aleutian Islands, of which the westernmost, Attu, is but 660 miles from the Japanese naval and air base at Paramushiro.

"The distance from Seattle to Yokohama via the Aleutians is about 4,900 miles; via Honolulu and Midway Island it is around 6,500 miles. Furthermore, the journey can be made by way of Alaska and the Aleutians in easy stages, with no single hop longer than 900 miles; whereas the route via Pearl Harbor involves an initial leg of some 2,400 miles of open sea and a final lap through Japan's mandated islands, of which the military function would in time of war resemble that of a swarm of airplane carriers and submarine tenders," the report states.

As a reply to the threat of Japanese encroachment in the Pacific, the Alaskan development points an air arm direct at Tokio. As a counter-balance to Russia's Asiatic leanings, it nullifies the vulnerability of American territory within 700 miles of the Russian submarine and air base at Petropavlovsk on Kamchatka Peninsula, and the Japanese base at Paramushiro. A newer Soviet base in the Komandorsky Islands is but 300 miles from American territory, while the Bering Strait is only 56 miles wide.

Recent press reports of considerable Russian activity in this little-known area



Pacific air routes, extending the arm of the United States Navy over Hawaii, Midway, Wake, Guam, and the Philippine Islands, consecutively, are shown above. As charted by Foreign Affairs Magazine, United States control of the North Pacific by completing the "Great Circle" route with bases and fortifications among the Aleutiana, Bering Islands, and Alaska can be seen to result from plans now under construction.

leave dark the effect being aimed at Japan or at America, and Moscow will no doubt leave the purpose dark until the balance swings her way. Last July the Soviets announced the establishment of a 1,400 mile passenger airline from Khabarovsk in Siberia to Petropavlovsk. Soviet military activity has also been reported by **Foreign Affairs** as to the fortification of Big Diomede Island, approximately eight miles from Little Diomede Island, a part of Alaska in the Bering Strait. Many other airbases and submarine bases are known to exist among Russian islands.

Fishing Vessels "Lost"

Other reports from "usually well-informed sources", mention that numerous Japanese fishing vessels have been mysteriously lost in the region around Komankorsky, a zone closed to all foreigners for military reasons. In December, 1939, reports stated that a group of German naval officers visited the zone in Russian naval planes to study the Soviet bases for over a month.

From which country, Japan or America, Russia stands most to benefit through Pacific alliance, results probably will depend upon the extent of America's blocking of Japanese Southward expansion. American trade development across the tip of Siberia traditionally has been considered too lengthy, expensive, and diplomatically frowned upon by Moscow. But the spread of Japanese control over Russia's Far Eastern outlet ports has increased her dependence upon Nipponese trade aims. The Soviets can supply Japan with needed scrap iron, of which she imported 12,000 metric tons in 1936; oil, of which Russia exported 2,300,000 metric tons until her treaties with Germany; and coal, of which Russia has been able to export 250,000 metric tons per year.

At present Japan is not able to in turn supply Russia with what she needs, but southward expansion would come close to accomplishing the feat. Whether Russia wishes to become dependent upon that supply remains to be seen.

Reinforcements Sent

Shortly after the outbreak of the war in Europe, according to the New York office of **Transocean**, official German propaganda agency, important United States Army reinforcements were sent to Alaska and the strengthening of the military, naval, and air bases there was making rapid progress. The Washington correspondent of the **Chicago Tribune** reported in a special article published on January 4 that it was the intention of the United States military and naval authorities to make Alaska as impregnable a stronghold as is Hawaii. Of decisive importance in this connection is the short air line distance from the Alaskan Aleutian Islands to Japan and reports that Soviet Russia is fortifying its eastern-most island, Diomode.

This correspondent regarded America's fortification of Alaska as a direct sequel to Britain's withdrawal of military strength from the Far East, leaving the United States the sole protector of European influence there. He mentioned the exchange of views which have taken place between the United States and Canada regarding the construction of a military highway across Canada connecting the United States by land with its northerly possession. Much importance is being attached to this exchange of views since Japan signed to the Berlin Tri-Power Pact.

While no information concerning these talks has been made public, this correspondent wrote that political quarters would not be surprised if an agreement on the subject was shortly announced.

Chinese Guerillas Herald New Year with Determined Attack on Japanese Positions

Marking the advent of 1941, "China's Victory Year," Chinese troops launched a concerted guerilla assault on Japanese positions throughout the entire China war front with the Japanese retaliating by staging vicious air raids over a number of strategic towns and cities in Free China.

Chinese attack were inspired throughout the entire week, by slogans such as: "This is the victory year," "We anticipate that this is the beginning of the victory year," "This is the general counter-offensive victory year," flooding new year messages by high army commanders and officials at Chungking and by Chinese press circles in general.

That such utterances were by no means merely wishful thinking was clearly revealed by Gen. Ho Ying-ching, who gave an analysis of the Sino-Japanese hostilities in the past 3½ years, showing the increasing effectiveness of Chinese resistance and the deterioration of the Japanese "adventure". According to Gen. Ho, the entire China war stage could be divided into two periods. "During the first period," Gen. Ho said, "there were four major battles: Shanghai, Hsinkou (north Shansi), Hsuchow and Hankow, while during the second period there were five major battles Nanchang, Tsaoyang, Changsha, Pingyang and Ichang.

Deadlock Broken

"During the first period the Japanese were mainly on the offensive and the Chinese were unable to launch a counter offensive, but during the second period, though the Japanese still remained on the offensive, the Chinese staged counter-offensives wherever possible, and were particulary successful in Tsaoyang and Changsha." The Japanese daily advance in the early stage, according to Gen. Ho, amounted to four kilometers, but later only to 100 meters, and now not only no advance was made but there were signs of rereat.

The Japanese military authorities, on the other hand, on January 2 issued an estimate which placed China's total casualties during the entire war period at 3,500,000 and their own at only 101,899. The report, however, was ridiculed by Chinese military authorities. The Japanese attempt to exagerate the number of casualties on the part of China and to minimize the number of casualties in Japan was, stated the **National Herald**, but trying to cheat the Japanese people, who had no way of receiving any accurate reports on developments in the war. Chinese estimates placed Japanese war casualties, since the start of the war, at more than 1,800,000.

According to a **Reuter** report from Chungking, the question of the dispute on the disposition of Communist troops had eased somewhat with news that part of the Communist forces already were beginning to move to new positions designated by the High Command. Arrangements were made for the Communist troops to carry out the transfer by stages.

Guerilla War Renewed

Guerilla warfare gained renewed vigor last week in Central China, while a belated report from Changteh stated that Japanese troops from Tienmen and Yukow, in Central Hupeh, launched a concerted attack on Chinese guerilla positions at Laikiachang and Tsianghiachang, south-west of Tienmen, The attack was reported to have been halted by the Chinese. In northern Hunan, Chinese guerillas launched a sudden attack on Japanese positions at Howshanping, on the northern bank of the Sintsiang River. Chinese and Japanese batteries subsequently were reported to have engaged in an artillery duel, resulting in heavy Japanese casualties.

Domei reported, meanwhile, that the Japanese army had launched a "big drive" against Chinese troops east of the Canton-Hankow Railway on the southern border of the province, in order to halt the Chinese winter offensive in that area. Chinese reports received thus far have failed to confirm the Japanese allegation.

Chinese troops in south-west Shansi opened an offensive against the Japanese on December 31, along a line stretching from Shihtsun, south of Yicheng, to Tienshantsun, Changmatsun and Chungtsun. Marked gains were claimed by the Chinese although details are still unknown.

Chinese guerillas along the East war zone hailed the new year by launching a night attack on the Japanese positions at Hungchen and Yangkiashan, near Anking, provincial capital of Anhwei. After furious fighting, the guerillas were reported to have forced their way into Hungchen, were they seized a large quantity of arms and ammunition, Japanese admitted sporadic Chinese attacks in the neighborhood of Anking.

Threat to Hongkong?

Reported concentration of large Japanese forces in the vicinity of Canton, estimated at 50,000 men aroused much speculation in Chungking. It was thought that since no major Japanese operations in Northern Kwangtung were in sight, the troops might be massing as a threat against Hongkong. It was thought that a Japanese attack against Hongkong might be timed with a new Axis move in Europe and another Japanese attack on south French Indo-China. Yet a later report from Chungking stated that in view of the continued concentration of Japanese troops along both the Canton-Kowloon and Canton-Samshui Railways, another Japanese offensive in Kwangtung soon may be expected.

Japanese air squadrons carried out more intensive bombing operations over Yunnan, Szechwan during the past week in retaliation for Chinese land operations. Yunnan was the scene of severe bombardments on several successive days. Other Japanese raids were concentrated on Kunming, capital of Yunnan Province and pivotal center for the distribution of materials transported over the Burma Road. According to Chinese reports, a number of bombs were dropped aimlessly by Japanese bombers around the outskirts of Kunming. Scores of houses and a number of civilians were made victims of the raids. In one of their air campaigns staged over Kunming on January 5, the Japanese aircraft were reported to have destroyed the dormitories of the National Tung-Chi University and the Lu Feng Primary School.

Japanese reports, as usual, claimed the attacks on Kunming were directed mainly on military establishments, government buildings, power plants, an airdrome, and the most striking of all, the Kungkuo Bridge along the Burma Road, the complete destruction of which had been claimed the Japanese long ago.

According to **Reuter** from Chungking, Chengtu was subjected to one of the longest alarms it had experienced at the end of last year, although no bombs were dropped on the city. The raiders concentrated on the south air field, which, claimed the Japanese reports, was subjected to heavy bombing. A number of grounded Chinese planes was claimed to have been destroyed.

N.E.I. Faces New Japanese Economic Onslaught With High Confidence as Result of U.S. British Cooperation

BY WILLIAM FISHER

Batavia, Dec. 30.—Increasing Japanese anxiety over the new import control system introduced by the Netherlands East Indies on January 1, 1941, may find an outlet in a more determined policy by the Tokyo Trade Delegation which arrived here over the year than was noticeable in the commission which was returned to Japan with bags of salt instead of anticipated barrels of oil last November. If this determination becomes such as to constitute a threat, however, it will be met with high confidence born of recent Anglo-U.S. cooperation with the N.E.I.

The Netherlands East Indies is no longer the "orphan empire" of the Far East, due to its virtual unification with the British Empire in the last few months. In fact this new line-up constitutes one of the most spectacular developments in south-eastern Asia since the critical days last May when Holland fell, leaving her immense colony to its devices. After the first shock of this event had passed and the internal situation in Java was taken under control, the Dutch colonials began to realize that they would have to choose between British and Japanese influence in their colony. In World War I they had been able to hold more or less aloof from world affairs but the collapse of the mother country and the sharp disillusionment which followed in its wake left little doubt in Batavia but what the Netherlands East Indies was in it this time.

In the past few weeks a good many officials of the Netherlands East Indies have been passing through Manila, and most of them betray a type of optimism that was entirely lacking a few months ago. The majority of these men are proceeding to the United States by Clipper, and some of them plan to fly across the Atlantic to report to the Dutch government temporarily located in London. A few are members of purchasing commissions proceeding to the United States to buy aircraft and other military supplies for the defense of the Netherlands East Indies.

The story behind this new found optimism is in the informal but none the less effective alliance which the Netherlands East Indies enjoys with the British Empire. The British have given the former "orphan empire" financial assistance and generally helped in solving some of the most serious economic problems in the colony, while the Dutch in turn have placed the fabulous resources of the Netherlands East Indies at the disposal of the British.

Closer Than Canada

As a part of the sterling bloc the Netherlands East Indies is actually closer to the British Empire in a financial way than Canada, which is of course giving the mother country valuable backing but in a different way. In return for cooperation on the part of the Dutch colony Britain has stepped in and virtually saved certain branches of Netherlands East Indies economy from collapse. The 100,000,000 guilder credit granted the colony by Britain has served to stabilize the financial situation generally, while British purchases of Java tea and sugar in very large quantities have been a very important factor.

The present war has cost the Netherlands East Indies the bulk of its European trade, and of course the mother country is completely out of the picture now from this standpoint. Before the occupation of Holland textile dealers in the Netherlands East Indies operated under an arrangement whereby they bought the same amount of goods from Holland as they bought from Japan. There was no profit on the Dutch goods but the cheaper Japanese goods were so profitable that they much more than made up for the difference. Great Britain has now come into all of the textile business in the Netherlands East Indies that formerly went to Holland, and will be able to exchange textiles for essential raw materials to help keep her war machine running full blast.

Another example of marked Anglo-Dutch cooperation is found in shipping. When Holland was overrun by the Nazi war machine Germany had eighteen cargo boats in the Netherlands East Indies. These were taken over by the Dutch and have now been put at the disposal of the British. In addition, the Dutch have been able to turn over about forty other ships to the British outright, not taking into consideration the cooperation which the Dutch merchant marine itself is giving the British.

Information Exchanged

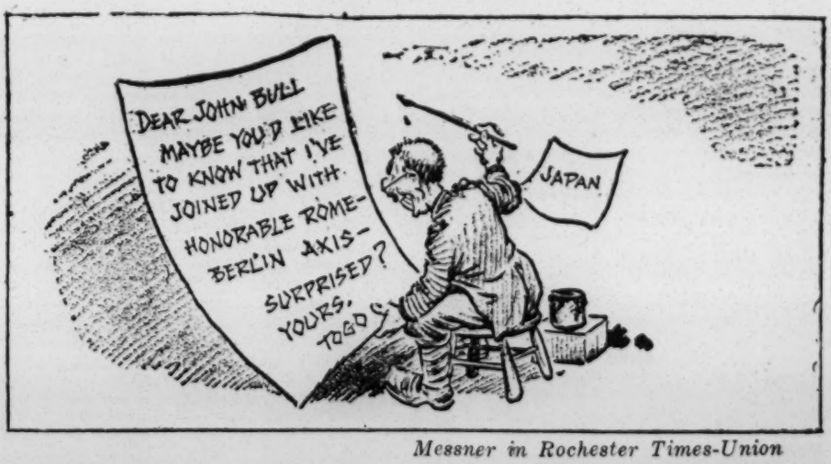
The Dutch are now willing to admit in conversation that all this is doubtless a prelude to Anglo-Dutch cooperation in a military way. It is said that there has been a growing exchange of military information between Batavia and Singapore, and this will doubtless be hastened by the recent shake-up in the high command at Singapore. Any attack on the Netherlands East Indies would seriously affect the British. Sumatra, one of the richest islands in the Dutch empire, is too close to Singapore to permit its control by an enemy power. In addition, Dutch and British interests overlap in both Borneo and New Guinea.

While Britain is taking the place of the "mother country" in the Netherlands East Indies in many ways, there is also a growing tendency toward self-sufficiency in the archipelago. These two trends are by no means paradoxical, for as the Governor-General in the Netherlands East Indies attains to greater power the greater will be the unity between that area and neighboring British Malalya. The Dutch colonials are now realizing that it was their good fortune that the army in Java was always run as an independent unit quite separate from the military in Holland. The colonal air force, the greater part

Triple Alliance Highwaymen

New York Times

"Dear John Bull"



Messner in Rochester Times-Union

of which is attached to the army, is of course the most important factor in the defense of the archipelago.

In defense purchases the United States looms large in the Netherlands East Indies. U.S. now sells more to the colony than any other country and also buys more of its raw materials. From the United States the colony takes 21 per cent. of her imports and sells 32 per cent. of her exports. On a basis of rough estimate the Netherlands East Indies will probably take around $35,000,000 in aircraft, arms and munitions from the United States on order placed in 1940. The Netherlands East Indies now deals directly with the United States for the most part, almost wholly independent of officials of the independent Dutch government in London. To assist them in reaching the United States without delay, the State Department gives permission to a Dutch air line to run chartered planes from Batavia to Manila, where passengers can transfer to the trans-Pacific Clippers.

Minister Desired

In fact the connection between Batavia and Washington is becoming so marked that the Dutch would like to see U.S. appoint a special minister to the Netherlands East Indies without recalling the representative to the temporary court of Queen Wilhelmina in London.

All this is a part of the story behind the stiffer attitude which Batavia is about to take toward Japan with the arrival of the second "economic mission" under the leadership of Kenkichi Yoshizawa. The other Japanese mission, it will be remembered, went down to the Netherlands East Indies with blueprints for incorporating the colony into the New Order in East Asia, but one of the first things that the present mission did on its arrival in Batavia was to assure the Dutch that they would respect the Netherlands East Indies as a part of the Dutch Empire.

This is singing quite a different tune as compared with the menacing attitude of the first batch of economic missionaries, all of whom had the uncomfortable experience of sitting down around a conference table with a group of very shrewed Dutch officials who refused to be scared into signing away a lot of economic concessions to the Japanese. The Dutch are in a much better bargaining position now than they were some months ago and it will be interesting to see how well the Japanese make out.

The new N.E.I. trade restrictions, ruling 17 articles subject to quota licensing, and the announcement by the official currency control committee in Batavia that as from January 1 all invoices covering products of the N.E.I. to Japan would have to be made out in yen, must have given the Japanese delegation little assurance on the reception they were to expect. Immediately after the announcement of the quota licensing control system, various trading organizations in Japan called what the **Japan Times and Advertiser** on December 30 termed "emergency meetings."

"Unfriendly Act"

In an interview with the same paper, Mr. S. Azuma, head of the information section of the Osaka Foreign Trade bureau termed the new measures "an unfriendly act toward a friendly nation" and adds: "One glance at the list of products is enough to convince that it is to be promulgated in order to hinder the advent of Japanese products in the Netherland East Indies Markets, and it is not hard to foresee a drastic setback in the export of our goods beginning with the new year on the one hand and on the other hand, it is not impossible to imagine that it came about at the instigation of the British and American interests. Most of the trade will probably be directed to the United States, as England is in no position to supply the markets with the said requirements. It is particularly regrettable that such an anti-Japanese attitude should be taken just when Japan is calling upon the Netherlands East Indies to co-operate with Japan in the establishment of a co-prosperity sphere in the Far-East. I cannot but interpret the action as a sign of flat refusal to cooperate with Japan in a worthy cause."

The new import licensing system in the Dutch Far-Eastern proessions will affect cement, electric bulbs, artificial and chemical manures, soap, general earthenware, glass products, enamels, tooth brushes, cutlery, paraffin oil, lamps, shirts and handkerchiefs, wraping paper, tires, metals, sewing threads of various descriptions, and, finally, agricultural products and their processed derivatives, states **Havas.**

Cooperation Urged

A question as to whether now was not the right moment for coordination of Bandoeng, Netherlands East Indies, asked by the **Algemeen Indisch Dagbald,** of Bandoeng, Netherlands East Indies on January 3 referring to the appointment of Air Chief Marshal Sir Robert Brooke-Popham as Commander-in-Chief of the British forces in the Far East.

This appointment, said a **Reuter** message from Singapore, was given great prominence in the newspapers of Java and led to discussion of the wider strategy and politics of Malaysia.

The example of the Netherlands proves how wrong the neutrality policy is, declares the "A.I.D." (as the newspaper concerned is popularly known). "It is impossible," it says, "that we could be neutral in the conflict, which might spread to this part of the world at any time as a result of the tripartite pact."

The paper asks for public recognition of the fact that "we survive or die with the British Empire and that the battle of England is our battle, in Europe as well as here and everywhere in the world. The thorough preparation of a good co-ordination is a better warrant for our future safety than a sterile neutrality policy based on promises which, according to the lessons of a very recent past, especially aim to prevent an efficient co-ordination with our present and future allies."

The Sourabaya **Handelsblad** unconditionally supports these arguments, saying, "If Britain should be attacked in this region, we would naturally and immediately have to help, while an attack on us would undoubtedly mean an attack on Britain."

This paper deals directly with the position of Singapore in relation to the defence of the Netherlands Indies, saying, "suppose an attack overland was launched on Singapore; suppose that Singapore could be saved by Dutch help put not without such help. Are we then to remain at home to defend the Indies? It would be suicide. For heaven's sake, let us do as the "A.I.D." says, and take warning from the past."

Indo-China Declares "State of War"

A "state of war" with Thailand was declared by French Indo-China on Thursday, it was reported from Hanoi.

Labor Crisis Again Looms In Shanghai

Labor trouble loomed in Shanghai again last week as agitators, believed to be associated with the group which caused the recent walk-out in the Frenchtown transport utilities, induced some 3000 workers of the Settlement tramway company to stage a lightning strike of one day's duration on Wednesday.

Strikes also threatened the Post Office, the Commercial Press and two taxi companies, besides other small Chinese concerns.

The tramway workers, consisting of motormen and conductors, refused to go on duty in the morning, involving later other members of the staff in the strike. Rioting broke out shortly after noon, five persons being slightly injured before the police arrived on the scene and turned the strikers out of the compounds of the two depots of the Company. At about 2.30 representatives of the strikers presented demands to the management for a greatly increased rice allowance.

This strike was the second within three months, on the last occasion the men receiving a large increase in pay and allowances, along with fellow strikers in the bus company. It was thought at the time that these were sufficient, but with the coming of Chinese New Year the men apparently felt that they were entitled to still more.

Refused to Go on Duty

Early Wednesday morning, when the men reported for duty at the depots, a number refused to take out the cars, inciting the remainder to side with them. Officials of the company immediately went to Bubbling Well and Hart Roads to try and reach some agreement, but after a great deal of talk the men refused to go on duty, and lounged around the compounds. By this time the clerks and other employees decided to strike as well, and all work was brought to a standstill.

The strikers, who, reported the *North China Daily News*, gave no reason for quitting work in the morning, presented a demand to the management in the afternoon, asking for increased rice allowances. After the previous strike, early last October, the men received increases amounting to 150 per cent. in wages, besides higher allowances.

At New Year the men were granted a 50 per cent. bonus, in accordance with the agreement reached in October, and appeared to be satisfied. It is thought that the strike had a political background, since many of the men were quite willing to go to work but were intimidated by others.

At about 1 o'clock an assistant compradore, attached to the Hart Road depot, was attacked by a number of the strikers, apparently nursing a private grudge, and was struck several times on the head. Four clerks who attempted to come to his assistance were also struck, sustaining slight injuries. All five were removed to the Red Cross Hospital, but it was found that the injuries were not serious, and they were not detained.

Eastern Chekiang Drives on With Vast Reconstruction Plan in Spite of Three Years War

BY C. Y. W. MENG

Western Chekiang has waged war with the invaders without cessation since the Japanese invasion of the province and the fall of Hangchow in the winter of 1937. But in Eastern Chekiang Province, the provincial authorities have struction program with the same undaunted spirit.

In pre-war days, Chekiang industries were largely concentrated in the western part of the province, leaving the larger eastern part of the province mostly undeveloped and unexploited. The result of the invasion had the effect of shifting industries to the east, thus effecting the more balanced development of the province.

Beginning in 1940, the "Three-Year Administration Plan," as adopted by the Provincial Government of Chekiang, came into force. That part dealing with the economic reconstruction of the province may be summed up as follows:—

1. To increase industrial and agricultural production, so as to attain self-sufficiency in daily necessities during war time;
2. To develop and control the production of special products, and to place all resources at the disposal of the National Government for war with the invader;
3. To establish more industrial and agricultural planning organs, and to further coordinate them.
4. To strengthen control over food supplies and trade, so as to adjust the production and consumption;
5. To promote the organization of the cooperatives, and to develop rural economic structure, so as to develop national economy and lay the foundation for the realization of the "Principle of Livelihood of the People;"
6. To readjust rural finance, and to develop communications, so as to help productive enterprises;
7. To develop and assist fisheries along the coast; and
8. To enforce more rigidly the economic blockade against the enemy.

With the exception of the last item (economic blockade), which is now handled by one special organ under the Chekiang provincial government, the provincial Reconstruction Bureau has been charged with the task of carrying out all the projects provided in the plan.

Out of 100,000 **mow** (one sixth of an acre to a **mow**) of the uncultivated land in the province, scheduled to be cultivated in three years, 40,000 **mow** already have been cultivated in the first year of the plan, and are now productive!

The plan also calls for the planting of selected and improved wheat in 50,000 **mow** in three years. However, in the first year, 13,000 mow of farms already have been sown with new seeds.

Of irrigation projects, 37 out of 53 places mentioned in the plan already have been irrigated in the first year, and the farm area benefited by such projects is 18,000 **mow more than** that provided for in the plan. The plan provides for the irrigation of 500,000 **mow** of farms. But in the first year, 518,000 **mow** were irrigated.

For other agricultural development projects, such as the prevention and control of insects and diseases, 349,420 **mow** out of 500,000 **mow** already have been benefited. The establishment of one fertilizer factory as provided in the plan is now under preparation.

Special Production

Chekiang Province is known for certain "special products," such as tung oil, tea, silk and hand-weaving products,

Hang Shao-hsiung, Chairman of Chekiang Provincial Government.

and the three-year plan provides the development of these products.

During the first year, 50,000 **mow** of land was to be used for the planting of tung trees. Another 50,000 **mow** will be planted within the second year, and in the third year, another 100,000 **mow** of land will be planted. With this large area of land planted, the authorities expect to collect 250,000 piculs of tung oil in the first year, 300,000 piculs in the second year and 350,000 piculs in the third year. Fifteen oil refinery mills will be organized in the province during the first year, 15 more in the second year and by the end of the third year, Chekiang will have 60 new oil refinery mills.

Four thousand **mow** of land will be used for tea plantations in the first year, 10,000 **mow** during the second year and another 30,000 **mow** in the third year. In addition, 99,000 **mow** of land already planted with tea will be improved by scientific farming methods during the three years. As a result of these efforts, the Chekiang Provincial Government expects to collect 40,000 cases of red tea and 270,000 cases of green tea in the first year, 60,000 cases of red tea and 300,000 cases of green tea in the second year, and 90,000 cases of red tea and 350,000 of green tea in the third year.

During the three-year period, 250,000 **mow** of land will be planted with cotton, and to improve the silk industry, the Chekiang Provincial Government will plant mulberry trees on 2,000 **mow** of uncultivated land during the first year, 10,000 **mow** in the second year and 40,000 **mow** in the third year. Meanwhile, scientific methods will be used to improve 350,000 **mow** of land now used for mulberry trees. In the first year, 500,000 sheets of improved silk worm eggs will be produced for distribution to the farmers. In the second year, 1,000,000 sheets of these silkworm eggs will be produced and in the third year 2,000,000 sheets will be produced. With 1,600 new silk reeling machines, the province will produce 7,000 **piculs** more of raw silk in the first year; in the second year, Chekiang will produce 180,000 **piculs** of cocoons and with 2,000 new silk reeling machines will produce 14,000 **piculs** of raw silk. In the third year, the province will produce 360,000 **piculs** of cocoons and with 4,000 new silk reeling machines will produce 28,000 **piculs** of raw silk.

Loans for Farmers

According to the plan, $10,000,000 will be advanced to the farmers during the first year, $20,000,000 during the second year and $30,000,000 during the third year to finance the various projects. The report of the Reconstruction Bureau reveals that what was provided and scheduled to be carried out in the first year was completed before 1940 ended. Out of $10,000,000 for the first year, $2,681,300 was loaned exclusively for the development of Chekiang "special products."

In basic industry, the three-year plan provides for the establishment of one iron and steel works with a daily output of ten to fifteen tons; the increase in the output of the present iron works; the establishment of chemical factories, and the extension of power plants to 600 kw. in central places. In the light industry, it calls for the establishment of paper mills, flour mills, wood distillation plant and other factories for the manufacture of daily necessities. In the handicraft industry, it calls for yearly expansion. The same plan also provides for the organization of marketing organs and planning committees to study the different projects, already being carried out or under planning and construction.

The following projects were completed before the end of 1940:

Preparations for the establishment of an iron and steel works were completed in October, 1940. With the approval of the Provincial Government, a sum of $1,100,000 was appropriated from the provincial salt revenue as the starting capital of this project. An output of 10 to 15 tons daily was assured.

By the end of 1940, the capital of the present iron works in the province was doubled by the increase in the capital of $320,000 and by the appropriation of $300,000 from profits. With better equipment, the output was greatly increased.

Preparations for the establishment of one sulphuric acid factory were completed in October, 1940, and operation was started in December of the same year.

Another nitric acid factory is now under preparation, and the operation is scheduled to open in January, 1941.

By August, 1940, electric plants in three places had already been expanded to 485 kw.

Preparations for the establishment of a paper mill, capitalized at $500,000, were partially completed. Operations will begin in May or June, 1941.

Flour mills and oil refineries are now in full operation, and are turning out products for sale; however, the wood distillation plant is still under preparation.

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* This article is essentially a study of a 100-page report on reconstruction activities in Chekiang Province for the year 1940, compiled and released by the Reconstruction Bureau of the Provincial Government of Chekiang.

"Doves of Peace" Presented to White House As Chinese Tribute to President's Efforts

(SPECIAL CORRESPONDENCE)

Chungking, Dec. 23.—(By air mail)—Visitors to the White House in Washington, D.C., in 1941, will find two new pieces of Oriental decoration. They are a bronze-lacquer painting by the Tung Brothers, and a chalk drawing of "One Hundred Doves of Peace," presented to President Roosevelt recently in tribute to his efforts to aid China and to bring peace to the world.

The birds of peace were the creation of Mr. Chang Shu-chi, professor of fine arts of National Central University in Chungking, who drew them specially for "the one who was most helpful for the maintenance of peace in the world."

Today, in the presence of Chinese and foreign dignitaries, U. S. Ambassador Nelson T. Johnson accepted the gift on behalf of President Roosevelt, from the hands of Dr. Lo Chia-luen, Chancellor of the institution.

On the right hand side of the chalk is Generalissimo Chiang Kai-shek's autograph, and characters reading **Hsin Yi Ho Ping**, meaning "Faith, Righteousness, Harmony, Peace." Gen. Chiang dedicated the picture to President Roosevelt. Dr. Lo Chia-luen has also attached a poem in Chinese in the right lower corner of the piece. It reads:

"Unparalleled achievement still remains
Before this chaos may be swept aside;
His ordinance of justice shall stand firm
By which the warring heroes shall abide.
But soon a day will come to lay down arms,
When peace at last shall bless all living things;
Like doves the messengers of peace will come,
Circling the White House with their rustling wings."

"Messengers of Peace"

Under the picture are the words, written in English, "Messengers of World Peace—To President and Mrs. Franklin D. Roosevelt, presented by Chang Shu-chi, professor of fine arts, National Central University of Chungking, China." The scroll will be mailed to Washington, D. C. by Clipper in time for Mr. Roosevelt's inauguration as President of the United States on January 20, 1941.

Among those present at the presentation ceremony, held at the Chialing House today, were: U. S. Ambassador Nelson T. Johnson, H. B. M. Ambassador Sir Archibald Clark-Kerr, Dr. H. H. Kung, Dr. Wang Shih-chieh, Dr. Wang Chung-hui, Gen. Ho Yao-tsu, Dr. Hollington K. Tong, Dr. Hsu Mo, Dr. Ku Yu-hsiu, Mayor K. C. Wu, Dr. Lo Chia-luen, and Prof. Chang Shu-chi.

The other gift, a piece measuring about 2½ by 1¾ feet, is a beautiful bronze-colored picture in China's famous Foochow lacquer, painted over a fine silk base. This is Dr. H. H. Kung's personal gift to President Roosevelt. It was done by the Tung Brothers of the Ming Sung Industrial Society in Hongkong and was brought to Hongkong from Chungking by Colonel J. M. McHugh, military attache of the U. S. Embassy in China, to be delivered at the White House around New Year's Day.

Gift for Mrs. Roosevelt

Mrs. Roosevelt, the President's wife, was also the recipient of a gift recently, made the day the President was re-elected for his third term. The gift was a Mongolian silver-fox coat, originally given to Chairman Lin Sen, of the Chinese National Government, by Princess Chi Chun-feng of Mongolia.

Worth NC$3,000 in Chungking, the coat was raffled early last November at a Sino-American Institute meeting and was won by a Missouri-educated member who agreed to present it to America's First Lady in appreciation of Mrs. Roosevelt's support of child welfare work in China.

"Hundred Doves" for the White House

Upper Left is a reproduction of a famous painting by Prof. Chang Shu-chi, called the "Hundred Doves," which will be presented to President Franklin D. Roosevelt at the White House. The painting was received by the U. S. Ambassador, Nelson T. Johnson, at Chungking and will be forwarded to Washington by airplane. The painting contains the autograph of Gen. Chiang Kai-shek, who wrote: "Hsin Yi Ho Ping," meaning "Frith, Reghteousness, Harmony and Peace." The picture at the upper right and lower left show citizens of Chungking sending greeting letters to Chinese soldiers at the various fronts. The pictures were taken by Thomas Kwang.

JAPANESE, ITALIANS BRAWL IN TIENTSIN

Members of the Axis came to a parting of the ways in Tientsin on January 3, when, for reasons not made public but believed to have been a Japanese quip at the failure of the Italian army in Albania and Africa, Japanese and Italian marines engaged in a brawl in the Apollo night club, on the Italian Bund, Tientsin.

The fight is reported in a delayed **Reuter** message to have continued for more than an hour, during which, it is stated, one Japanese sustained a head injury and another a leg would, while one Italian is said to have had his cheek cut by a sidearm.

As soon as news of the brawl reached their ears, Japanese residents, fully equipped, turned out in strength, desiring custody of the responsible Italians.

The Marines, however, declined to leave the premises.

After barricading themselves inside and arming themselves with revolvers secured from Chinese constables, they phoned to their barracks for help.

A lorry load of Marines, with machine-guns, soon dashed to the scene but tempers cooled down on the arrival of Italian and Japanese officials who began negotiations after the participants in the fight had been taken into custody.

It has not yet been decided which party is to shoulder the cost of repairing the considerable damage suffered by the night club.

Peiping Incident

Negotiations concerning the incident in which United States Marines were detained by the Japanese police after a dispute in a Peiping cabaret on December 30 have been transferred to Washington and Tokyo.

This interpretation was placed on the statement issued on January 7 by Colonel Turnage, officer commanding the United States Marine Embassy guard in Peiping, in which he stated, "I have received instructions to confine my fuaction solely to the receipt of apologies from the Japanese authorities."

The State Department in Washington, **United Press** reported, refused comment on the incident, in which five U.S. Marines were alleged to have been detained and manhandled by Japanese gendarmes, until it had assembled and studied the facts.

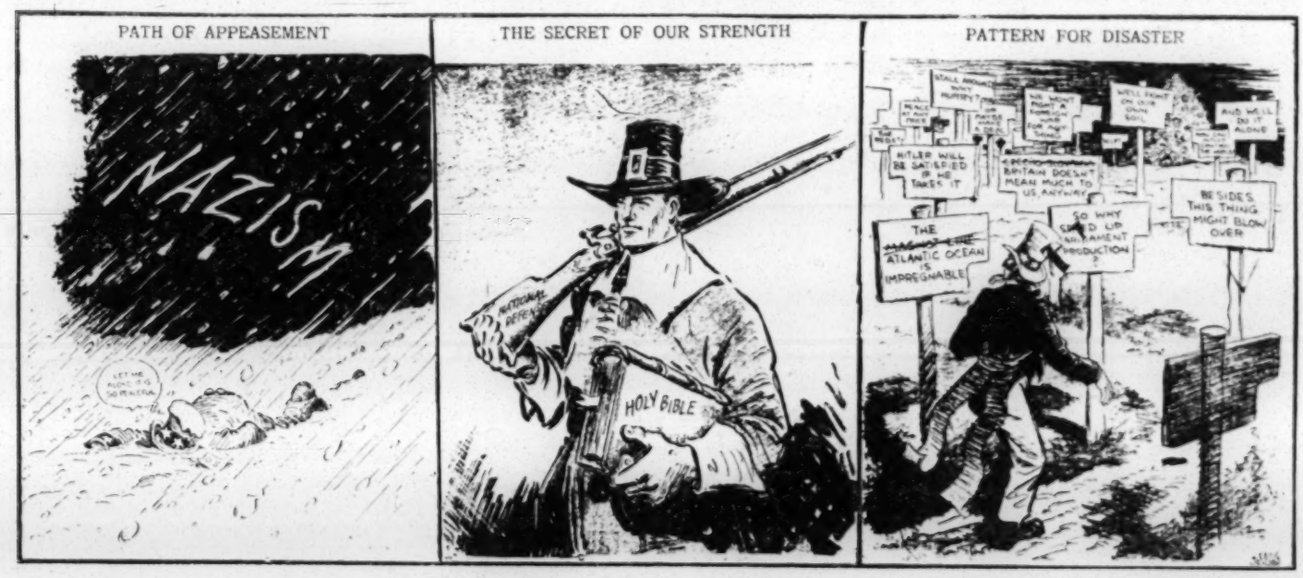
An official's statement was taken to indicate that the States Department was studying the incident in some detail.

A Department official said that the U.S. attached "considerable importance" to negotiations on the incident being carried on at Peiping.

Scenic Beauty and Mishap Along The Burma Road

Photos by Thomas Kwang

Left—A Red Cross truck skids off the road due to wet weather. Right—One of the "hairpin" turns, over which the traffic proceeds.

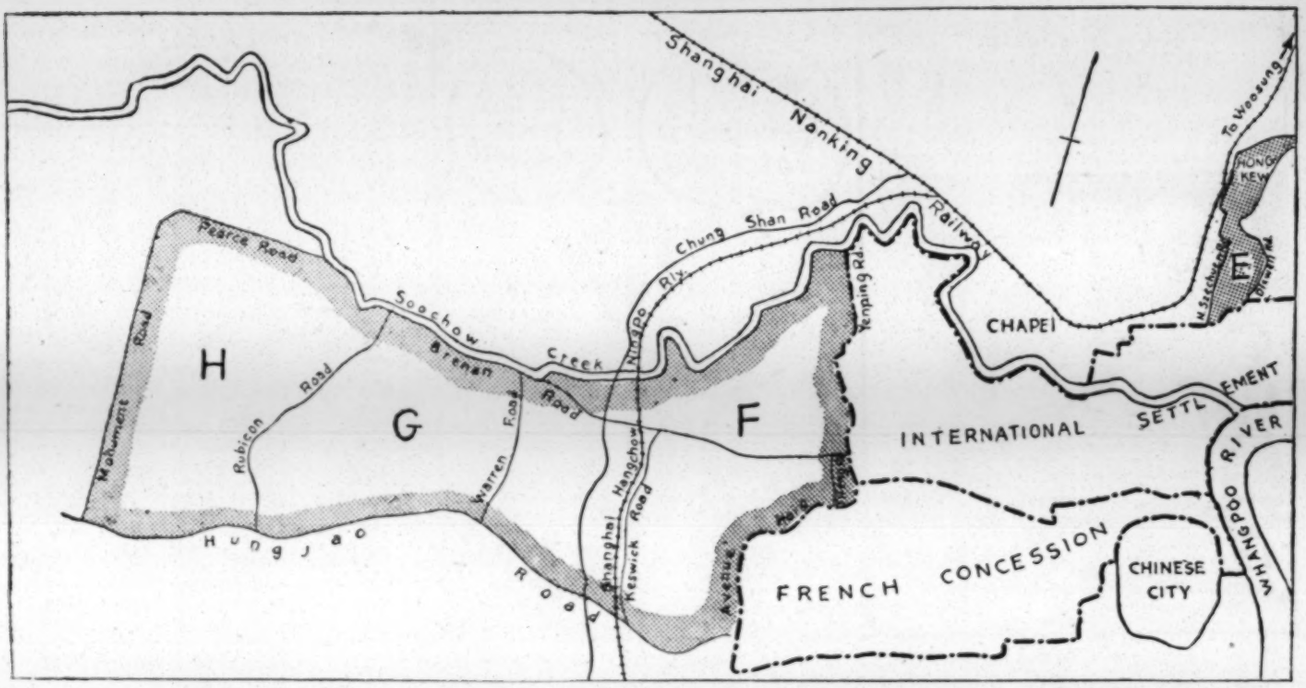

PATH OF APPEASEMENT
NAZISM
THE SECRET OF OUR STRENGTH
HOLY BIBLE
PATTERN FOR DISASTER
HITLER WILL BE SATISFIED IF HE TAKES IT
BRITAIN DOESN'T MEAN MUCH TO US ANYWAY
AND WE'LL DO IT ALONE
BESIDES, THIS THING MIGHT BLOW OVER
SO WHY SPEED UP REARMAMENT PRODUCTION?
THE ATLANTIC OCEAN IS IMPREGNABLE

Cartoons—left and center—by Stoneman and right by Jensen in the Chicago Daily News. The cartoon on the left shows the American "Appeaser" overwhelmed by the Nazi storm. The cartoon in the center indicates the secret of American strength, while the one on the right shows Uncle Sam caught in a modern maelstrom of Appsasement.

ACTION STATIONS IN THE ADRIATIC
BRITISH FLEET SIGHTED
OCCUPY USUAL ACTION STATIONS AT ONCE
ITALIAN NAVY
UNFAIR TACTICS BY THE ENEMY
HE TURNED AROUND BEFORE I COULD GET IT IN HIS BACK
GREEK CAMPAIGN
ATLAS
NEW WORLD ORDER
GERMAN ARMY

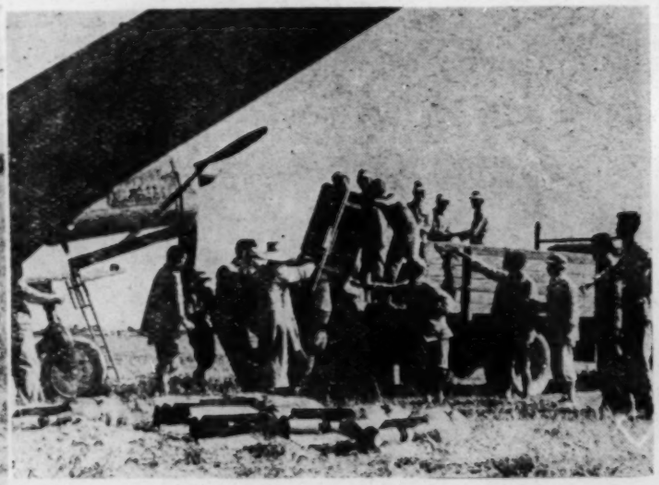
Three cartoons from the Chicago Daily News show (left) Mussolini's Navy "going into action" following a report that the British fleet and airplans are approaching. The cartoon in the center speaks for itself while the one on the right shows the modern Atlas supporting Adolf's new world—still in process of construction.

Bone of International Contention in Shanghai



The shaded area in the above plan shows the Extra-Settlement Roads Area, over the control of which bitter controversy has raged between foreign and Chinese authorities for many years. This area, now nominally under the administration of Mayor Chen Kung-po, actually is under the control of an organization of thugs and gunmen whose headquarters are at 76 Jessfield Road and who call themselves the "Special Service Section." Most of their activities consist of carrying out political crimes in the Settlement, and "supervizing" the gambing hells which infest the area (see article in this issue).

Chinese Military Aviation Looks Up!



Upper left—A new class in aviation "somewhere in Free China" receives final instructions before taking off.

Lower Left—Squadron leader discusses the route over a military map.

Upper Right—A truck load of bombs arrives and is unloaded.

Pictures supplied by Thomas Kwang, Chungking

NEWS ITEM:-
NAZIS TEACHING HORSES FROM CONQUERED COUNTRIES TO RESPOND TO GERMAN.
HEIL HITLER!
"Let's Talk About The Weather"
IT'S TOO DRY IN EGYPT — AND TOO MUDDY IN GREECE!
AND TOO HOT OVER ENGLAND!
Getting His Gang
STALIN
HITLER
JAPAN
SCRAP IRON EMBARGO

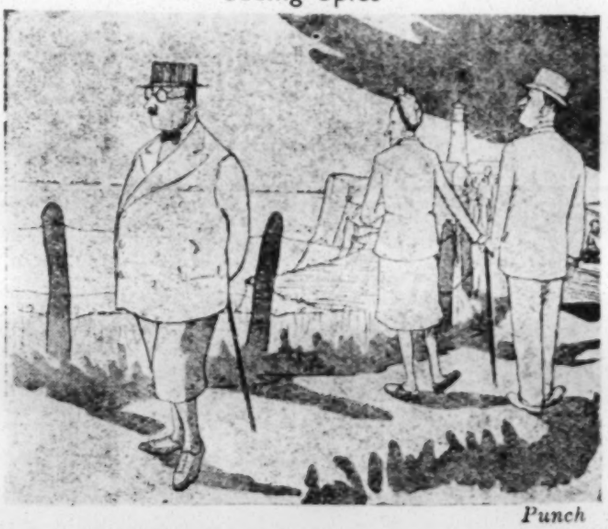
Washington Post *The China Press* *Shanghai Evening Post*

"Peasant and Soldier"

By the artist C. J. Shih, this woodcut depicts unity of Chinese peasants and the Army of Opposition to Japanese Aggression.

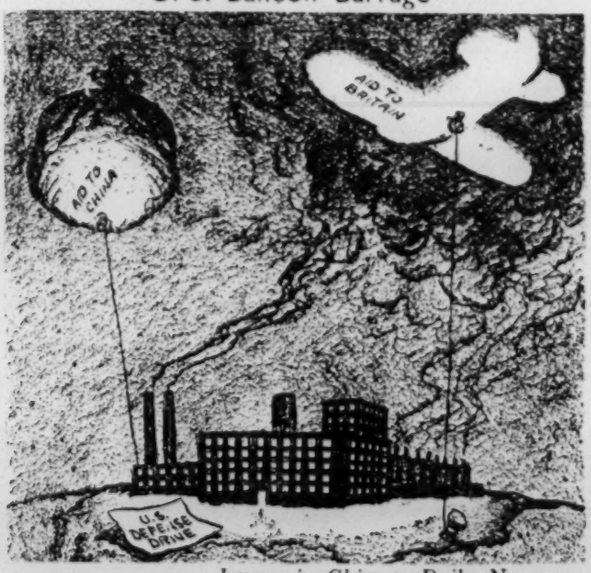
Dr. Yee Chi Mei, Chancellor of Tsing Hua University, honored on the 25th anniversary of his service with the institution, now located in West China. Dr. Mei is shown standing in the center with his wife and children.

"Seeing Spies"



Punch

"U. S." Balloon Barrage"



Jensen in Chicago Daily News

"New Structure" Hits Christian Movement in Japan; Missionaries Compelled To Fall Into Line

That the Christian movement in Japan would become unified and acknowledged by the Toyko government long has been anticipated by missionaries in the East. Inter-church organizations had worked toward that end in hopes of official recognition, but that it should come as an expression of totalitarianism and result in bureau-cratic control of ideas and procedure by the government was, if feared, definitely not anticipated.

PRESIDENT PIERCE LEAVES KOBE

With 260 American evacuees from the Far East on Board, the President Pierce of the American President Lines, sailed from Kobe at 9 o'clock on January 8 for San Francisco.

The evacuees, comprizing mostly women and children from Manila, Hongkong and Shanghai, made up 80 per cent of the total passengers, which also included wives and children of officers of vessels of the United States Asiatic Fleet in Manila, says **Domei.**

Beginning last April with the "new order home structure," decrees regimenting all religious organizations under state standardization and followed in August by anti-foreign demonstrations, spy-scares, and arrests of church officials, events finally led to a near complete evacuation from Japan of all Christian missionaries. Last week it was learned that one third of the 898 foreign religious workers and four-fifths of their immediate families had left Japan. The rest were expected to leave soon.

According to the April Decree, to become wholly effective in March this year, the Japanese Ministry of Education asked the various religious sects to submit reports on their creeds and regulations. The sects included 13 Shinto, 13 Buddhist, and 27 Christian affiliations. The subsequent amalgamation formed four Christian denominations: the Protestant Union, the Seikokai Church adapted to Nipponese character, the Roman Catholic, and the Greek Orthodox Church. Insistence was made upon the conforming of all church laws and tenets to Japanese political ideas and aims. Foreign financial and administrative aid was to be discontinued.

As a result of the sensation last August when leaders of the Salvation Army were arrested for alleged spy activities and espionage, the foreign personnel of that organization was asked to leave. Likewise, the "voluntary withdrawal" of British members of the Seikokai Church (Anglican and Episcopal) was suggested. The inference followed that no foreign superintendents or pastors of churches or schools in Japan would be allowed. Official positions have been replaced by Japanese, and all activities, teaching, leadership, and sympathies have become subordinate to the political aims of the government.

Gradual evacuation began at the time, due mainly to the new regulations against financial support from abroad, and has become more thorough of late because of increased political pressure from the respective governments involved. Hundreds left on the last evacuation boats. It is estimated that in March of this year, the exodus will be complete. In Formosa and Korea it has already become complete.

Drift from Christianity

The effect which unification is having on Japan in general is apparent in the blocking and reversal of the inroad of Christian influence. According to an analysis made by Harold E. Fey in the **Christian Century** of November 13, Japan is rapidly returning to the leadings of a state Shintoism.

"To emphasize and deepen the gulf between their people and the West, to strengthen their sense of mission, to undergird their self-chosen destiny with a conviction of superhuman sanction and to unify a nation in which divisions of feudalism still run deeply, Japan is now being subjected to an officially inspired revival of traditional Shintoism as the state religion," the article states.

Mr. Fey goes on to point out that, although some Japanese of importance, "....of whom it is dangerous to speak even in a whisper," will never allow themselves to be wholly returned in thought, the average citizen of Japan is in grave peril of complete Shintoization. One reason for this is the comparatively minute number of Christians, who total only 300,000 in a population of seventy millions.

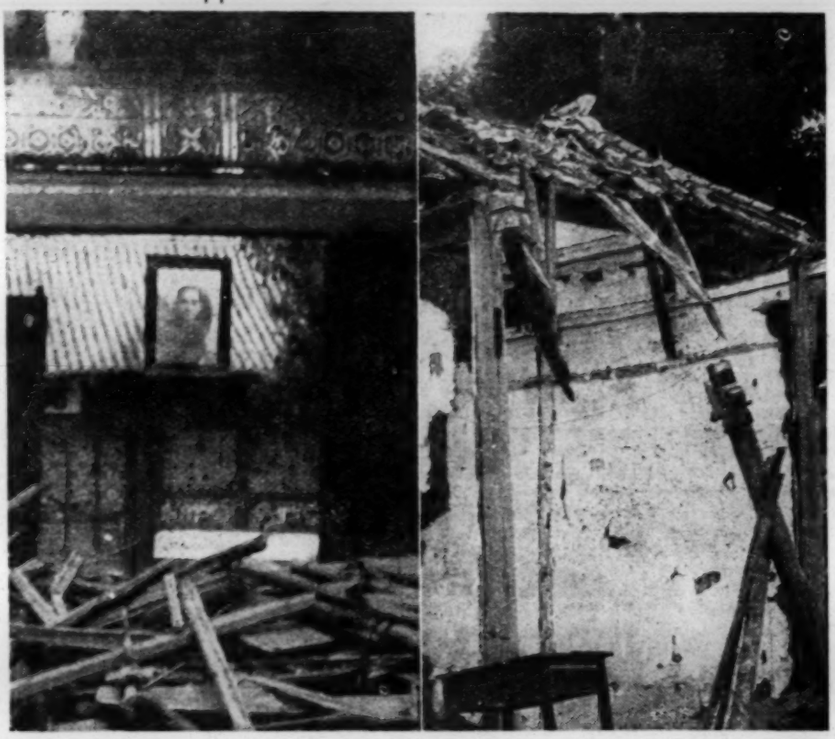
Catholics Capitulate

Other results have been the Roman Catholic capitulation to the "new order" re-arrangements, following the inclusion of Japan in the Rome—Berlin axis, and the French Catholic capitulation influenced by the same factor. Both affiliations have re-entrenched themselves in Japan with plans to continue their work as well as possible under existing standardization.

On the eventual effect the present trend will have on the Christian cause in Japan, expressions indicate that in spite of the re-occuring evidences of inherent anti-foreignism, what has been rooted is strong enough to weather the period. Christianity has been "Japanized", but by the precepts of its doctrine, assertion of inter-racial harmony will again appear. Of all racial ideologies, that of Japan is perhaps the most widely expressive of religious interpretation. The present leaders have utilized this tendency and converted it to national fanaticism. The hope is held for the Japanese people that a time may come when it will be directed toward an end worthy of its energy.

The Christian cause rooted in Japan, according to missionary spokesmen such as Harold E. Fey, has become marked as a power which could "save the values of Japan's pervasive and filial faith and prevent these values from becoming opiates by which powerful but benighted leadership may drug the nation and lead it to collective hari-kiri."

Nippon's Culture Drive In Southwest



Li-ta Young, student in Southwest Associated University, Kunming, sent The Review the above examples of Japan's "culture-drive" in Southwest China. Left is a section of wreckage from National Yunnan University, Kunming and right is a destroyed section of National Southwest Associated University, Kunming. Both institutions were seriously damaged in recent Japanese bombing raids.

John K. Davis, long experienced in consular and diplomatic positions in the Far East, has assumed his new post as Chief of the Office of Philippine Affairs in the State Department. Mr. Davis succeeds Joseph E. Jacobs, who has been appointed Consul-General and Embassy Counsellor in Egypt.

Albion Ross, Foreign Editor of the **San Francisco Chronicle,** arrived in Shanghai this week on a trip through the Orient. He previously visited Japan, Indo-China and the Philippines. Mr. Ross is staying at the Cathay Hotel.

British Forces Score First Important Victory of War with Capture of Bardia After Brilliant Strategical Campaign

Embarking in mid-December on a cold-blooded campaign of strategy combined with precise force, General Sir Archibald Wavell, Commander-in-Chief of British Forces in the Middle East, last Thursday flung the combined might of his land, sea and air arms into a savage result on Bardia, Italian fort in Lybia. On Saturday, less than 48 hours after the final offensive had started, the Italian garrison of over 20,000 men, weserted by their commander, General Berganzoli, flung down their arms and cried enough.

Led by Australian storm troops, the British army occupied a city battered in parts to dust, scarred beyond all recognition from the pounding it had received for nearly a week from the Royal Navy and Royal Air Force. They had scored the first important victory of the war for beleagured Britain, and the victory immediately was hailed as the forerunner to an early assault on Tobruk, next nearest Italian fort along the Lybian coast, and at the outskirts of which the British mechanized forces already were lumbering into position Thursday morning.

Bardia fell as the result of **blitzkrieg** tactics, the first time they have been employed against their inventors, and such was the shock of the blow that in Berlin Hitler hurriedly ordered his troops to mass on the Bulgarian border with the reported intention of making a forced march into Albania, where Greece's plucky little army continued to make progress—slower than previously, but nevertheless plodding steadily towards Valona, the goal of the Allied attack in Albania.

On Britain, as though by malicious intent at avenging the tweak given the pride of the Axis in Africa, the **luftwaffe** concentrated once more on single cities in each raid, hurtling ton upon ton of bombs with indiscriminate abandon. Britain's civilian death roll soared daily until a blizzard brought respite on Monday, both the R.A.F. and the Nazi planes being grounded for the greater part of the week.

Capture of Bardia

Grimy-faced, dust-coated Australians, protected by British cruiser-tanks after naval and field guns had laid down a terrific barrage, captured Bardia, reported a **United Press** Correspondent with the British forces. The capture of Bardia, Italy's stronghold in northeastern Libya, after a 19-day siege, was almost a bloodless victory as Italians, cowering in houses and caves, ran out in thousands. With their hands flung up, they readily surrendered. The town itself was deserted except for a handful of Anzacs busily rounding up prisoners.

The boom of cannon was clearly heard north of Bardia where about 8,000 Italians were caught in a semi-circle formed by British armoured units and Australian infantry with only the sea at their backs. Thus, their escape was practically cut off, for they were being shelled by Australian land batteries.

With the Bardia garrison split in half prior to the Australian entry, most of the Italian troops in the northern pocket were from Bardia. The others trapped in the northern zone were those who succeeded in escaping across the desert from the southern sector.

Since 16,000 Italians were taken prisoners by a small Australian force on the night before the entry and 10,000 prisoners were further captured upon the fall of Bardia, the Australians thus have at least 26,000 Italians in their hands.

The Italian garrison at Bardia was believed to have originally contained 20,000 men, but since only 10,000 men have been captured in this limited area, a similar number escaped and many were killed there must have been at least 30,000 who formed Bardia's original defensive force.

Another United Press correspondent, Mr. Jan Yindrich, said that he had entered Bardia at 7 p.m. on Saturday, two and one-half hours after the first Australian troops had taken possession of the Italian fortress.

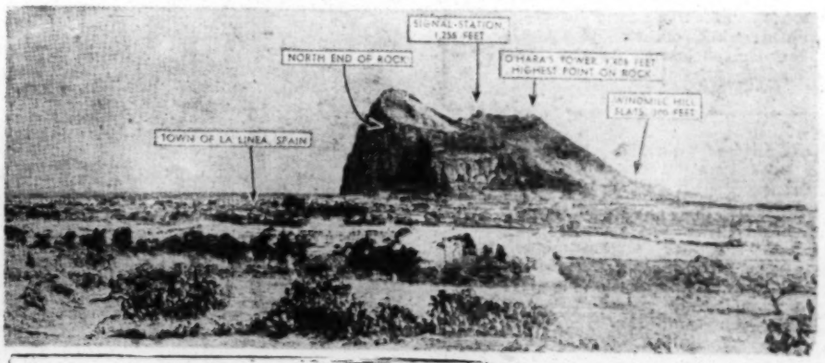
Two thousand dejected Italians followed a single young Australian through flame-flecked streets which were pockmarked with shell holes and strewn with rifles and the debris of collapsed walls.

The proud bastion which Premier Benito Mussolini had claimed to be impregnable was a burning ruin. Sparks scattered in the desert wind.

Some houses remain, but most of the town was a strange skeleton of great gaps where once there had been houses and forts. Walls everywhere were scarred by flames.

In the lower part of the town, near the harbour, desultory fighting continued until the Italian resistance was completely subdued late on Saturday evening.

Promised To Franco—If He Can Take It!



The above is a view of Gibraltar, taken from the flat terrain on the land side. A narrow neutral zone separates Spanish and British territory and recently the British dug a land side. The accompanying canal around the fortress on the picture and cartoon is by McCutcheon in the Chicago Tribune. In Hongkong, Britain's Gibraltar of the East, under a surface of easy-going merriment the authorities are increasing daily the strength of the Colony's defenses, making ready for whatever may come.

American Navy Ordered to Wartime Strength

President Roosevelt on January 8 ordered that each warship in the United States be manned by full wartime strength.

Coincident with the President's order, the Secretary of the Navy, Colonel Frank Knox, announced that the United States was creating three fleets.

There will be three separate fleets, and they will be known as the Atlantic, Pacific and Asiatic Fleets, he said.

Each of the fleets will be under a Commander-in-Chief, he said, indicating that each of the fleets will be able to operate on its own.

At the same time, President Roosevelt ordered a sweeping reorganization in the U.S. Navy and a wholesale shakeup in the naval high command.

He authorized the Navy Department to increase the active enlisted strength of the Navy from 192,000 to 232,000 men.

Downward Trend of Shanghai's Silk Weaving Industry Accelerated By Sino-Japanese and European Hostilities

BY FREDERICK FANG

In common with the cotton and other local industries, the Shanghai silk weaving business has declined continuously during the past few years. Actually the silk weaving industry was first hit in 1936, when the Japanese-controlled North China artificial silk smuggling scandal was rampant, but a survey shows that hostilities both in China and Europe accelerated the downward trend.

In 1935, Shanghai had 517 silk weaving mills but the following year as a result of the smuggling of large quantities of artificial silk into North China and the dumping of artificial silk piece goods in Central China, a number of silk weaving mills had to close down. In 1937, according to an investigation made by the Kincheng Banking Corporation, Shanghai had 431 silk weaving mills, operating a total of 6,493 weaving machines. Total production of these mills was 160,000 pieces per month. At this time, 44 per cent of the weaving mills were located in Hongkew, while the remaining 56 per cent were distributed in Chapei and Nantao. About 30 per cent of the total production was sold locally, 25 per cent was purchased by Kwangtung and Kwangsi merchants, five per cent by Kiangsu and Chekiang merchants and the remaining 28 per cent by the Anhwei, Kiangsi, Fukien, Shantung, Szechwan, Hupeh and Hunan merchants. Only small quantities were exported to foreign countries.

Capitalization of these silk weaving mills was generally around a few thousand dollars. It was estimated that 50 per cent of these mills had a capital of over $2,000 and below $10,000. Around 20 per cent had a capital of $10,000 and only 10 weaving mills had a capital of between $10,000 and $200,000. The Meiya Silk Weaving Mill had a capital of $3,000,000, being the largest Chinese silk weaving mill in town. The following table gives the names as well as capital of the 43 large silk weaving mills in the city during the middle of 1937:

Name	*Capital*	*Location*
Meiya		
No. 1 mill	$3,000,000	Nantao
No. 2 mill	—	Chapei
No. 3 mill	—	Nantao
No. 4 mill	—	Kiaochow Rd.
No. 5 mill	—	Nantao
No. 6 mill	—	Nantao
No. 7 mill	—	Nantao
No. 8 mill	—	Nantao
No. 9 mill	—	Zikawei
No. 10 mill	—	Chapei
Heng Fung	50,000	Yangtszepoo
Hung-Sin	14,000	Nantao
Mei Wen	300,000	Ferry Rd.
Shanghai	30,000	Hongkew
Hwa Chen	20,000	Nantao
Shen Tai	16,000	Nantao
Chiu Chong	15,000	Hongkew
Wan Pao	60,000	Singapore Rd.
Tien Hwa	30,000	Hongkew
Chin Tai	20,000	Hongkew
Yu Li	10,000	Nantao
Ching Sin	15,000	Pingliang Rd.
Ching Ya	20,000	Thorburn Rd.
Chen Kee Hsiang	10,000	Pingliang Rd.
Ching Lum	15,000	Chowchiachai Rd.
Tze Nan	15,000	Nantao
Tai Che	15,000	Da Lien Wan Rd.
Shih Sin	20,000	Brenan Rd.
Teh Shih	70,000	Chapei
Tso Sin	20,000	Linching Rd.
Tien Yi	20,000	Chinsheng Rd.
Pu Yi	150,000	Singapore Rd.
Hwa Sin	20,000	Nantao
Hwa Che	50,000	Hongkew
Hui Shiu	15,000	Thorburn Rd.
Shun Chong	30,000	French Concession
Yung Chong	50,000	Chapei
Ching Kung	50,000	Ferry Rd.
Sin Sen	20,000	Nantao
Yuan Tung	20,000	Singapore Rd.
Yueh Hwa	20,000	Tongking Rd.
Yi Sin	18,000	Nantao
Pao Kong	40,000	Chapei

$5,000,000 Losses

As 64 per cent of these silk weaving mills were located in the war zones, most of them suffered heavy losses during the hostilities in the latter part of 1937, and total losses were estimated to exceed $5,000,000. The Meiya Silk Weaving Company suffered more than the others as its 10th and 2nd mills were completely destroyed. The machines of its 5th, 6th and 7th factories were moved into the foreign concessions of Shanghai and later 200 of them were sent to Hankow, 80 to Hongkong, and 60 to Chungking.

All those silk weaving mills in the International Settlement and French Concession resumed operations in the early part of 1938, and in the latter part of 1938, many of the damaged and destroyed factories in Hongkew resumed operations also. By the end of 1939, 220 old silk weaving mills and 147 new mills were operating in Shanghai, representing 85.2 per cent of the pre-war figure. These mills operated a total of 5,104 machines or 78.6 per cent of the total number of machines prior to the outbreak of hostilities in 1937.

	No. of Mills	*No. of Machines*
	1938	
Old Mills resumed work...	218	3,566
New mills established ...	82	859
	1939	
Old Mills resumed work...	2	—
New mills established ...	65	679

The following table gives the names of the few large silk weaving mills newly opened in the past year:

Name	*Number of Machines*	*Location*
Sin Ya	28	Connaught Rd.
An Li	62	Brenan Rd.
Tung Chi	44	Brenan Rd.
Lung Ta	49	Ward Rd.
Yin Fung	62	Ferry Rd.
Teh Li	30	Singapore Rd.
Shiu Mei	28	Haichow Rd.
Tung Sing	20	Chowchiachai Rd.
Ho Ho	20	Yangtszepoo
Tung Sing	20	Edinburgh Rd.
Tsai Chen	21	Brenan Rd.
Hung Kong	20	French Concession

As mentioned above, the total production of the silk weaving mills prior to the outbreak of hostilities in 1937 was 160,000 pieces per month or 2,000,000 pieces per year. In 1938, total production was estimated at 170,000 pieces only, but in 1939 total production increased to 1,200,000 pieces. The following table gives the production of these mills in different months of the year:

Production in 1939

(January—100)

January	100.00
February	53.97
March	101.43
April	118.30
May	122.13
June	94.93
July	71.91
August	74.99
September	72.71
October	82.36
November	79.46
December	77.80

Healthy Local Demand

In 1938, there was large demand of silk piece goods by the local merchants in the early part of the year. In the latter part of 1938, more silk piece goods were exported to foreign countries because of the slump of the value of the Chinese dollar in the local exchange market. In 1938 no less than $4,833,864 worth of silk piece goods was exported to the South Sea Islands and other countries, representing 40 per cent of the total production in the year. Aside from the exports, 20 per cent went to the occupied areas of Central China and 30 per cent was sold locally. In 1939, as much as $6,458,967 worth of silk piece goods were exported to Hongkong alone, representing 46 per cent of the total exports during the year.

Real silk weaving mills depended upon local silk filatures for raw silk, but for artificial silk, materials were imported mainly from Japan and Italy. Native silk came from Hangchow, Kashing and Wushing. As much as 57.2 per cent of the raw materials consumed by the local mills were artificial silk while pure silk amounted to only 8 per cent. In 1938, Shanghai imported 1,393,031 customs gold units of artificial silk, of which 867,895 customs gold units were supplied by Japan, 502,842 customs gold units were supplied by Italy. In 1939, Shanghai imported 3,511,251 customs gold units of artificial silk, of which 2,054,338 customs gold units were supplied by Italy and 1,301,321 customs gold units were supplied by Japan. In November, 1940, Shanghai had in stock 1,000,000 pounds of Japanese artificial silk and 300,000 pounds of Italian artificial silk, but because of Italian participation in the war, little Italian artificial silk is being imported, and the price of artificial silk has increased from $900 to $1,000 per bale.

The following table gives the prices of different kinds of raw materials for the local silk weaving mills in the year of 1939:

	Raw Silk 20/22	*Artificial Silk No. 120*	*Cotton Yarn 60's Heavenly Girl*
	1939		
January	$1,450.00	$320.00	$534.00
February	1,900.00	340.00	540.00
March	1,850.00	335.00	545.00
April	1,760.00	335.00	600.00
May	1,900.00	340.00	620.00
June	2,200.00	385.00	720.00
July	3,180.00	640.00	——
August	4,500.00	670.00	——
September	4,550.00	590.00	1,100.00
October	4,450.00	620.00	950.00
November	4,800.00	630.00	900.00
December	6,600.00	850.00	950.00
	1940		
November	4,500.00	1,030.00	——

Large Profits Made

Both in 1938 and 1939, the silk weaving mills made large profits. In 1939, it was reported that the largest weaving mill made as much as two million dollars of net profit. The smaller ones made profits of $300,000 or $400,000. The business of the silk weaving mills as that of other factories was very good in the early part of 1940. However, after May because of the lack of large demand, a number of the mills suspended operations. In June, the number of silk weaving mills reduced by half and the total production during the month was only 50,000 pieces.

The total production in September was 55,000 pieces as against 99,700 pieces for the corresponding month of 1939. In the three months of July, August and September, artificial silk and artificial and pure silk piece goods turned out was around 38,200 pieces, the pure silk piece goods was only 9,000 pieces and the rest were mixtures of silk and cotton piece goods. The following table gives the amount of artificial silk imported and the amount of silk piece

(Continued on page 220)

Shun Pao Bombed by Order of City Government, Arrested Man Reveals; Terror Blossoms Under Chen

Bombed on January 6 for the third time within less than six months, the **Shun Pao,** outspoken Chinese language newspaper, was attacked on the instructions of the City government, a terrorist captured by the police confessed.

Tien Liang, 21 years old thug in the pay of Chen Kung-po's "Special Service Section," told S.M.P. detectives that he and two accomplices, who escaped following an abortive attack on the paper the previous day, received $50 as special payment for the bombing last Monday, $20 for the Sunday effort.

When arrested by two S.M.P. constables following Monday's outrage, Tien still had the grenade release pin ring on his finger. Only one of the three missiles thrown at the building at the corner of Honan and Shantung Roads exploded.

In his confession according to a report in the **China Press** Tien revealed he was formerly a farmer, and came to Shanghai to serve as a policeman in Nantao, Pootung and Fah Hwa Village. At the beginning of December, he disclosed, he was approached by a Chinese named Tsang Chiu-lung and enrolled into the Special Service Section of the City Government Police headquarters at 76 Jessfield Road.

The bombing of the Shun Pao offices Sunday was his first "job," his confession continued. Together with two other Special Service men, he was taken by ricsna to the site of the **Shun Pao** office to inspect the lay of the land, he confessed.

The aim of the terrorist act, in which four men were injured, previously was believed to have been a retaliatory measure for the bombing of the pro-Wang **Bing Pao** last week.

The **Shun Pao** is an American registered concern, the publisher being Mr. N. F. Allman, well-known U.S. lawyer in Shanghai, and member of the Shanghai Municipal Council. Questioned by the **North China Daily News** on the latest outrage, Mr. Allman reiterated his statement of six months ago when he said that he considered the bombing outrage a senseless act of wanton destruction and expressed surprise that his paper should be singled out as the victim of terroristic act.

Just as he had said before, Mr. Allman repeated that the **Shun Pao** confined its activities to the chronicling of news and world events and had always dissociated itself from politics and propaganda of any sort. He continued that the paper received no subsidies from anywhere, and that it had received no threats lately. He had no idea, he said, why bombs should be thrown at **Shun Pao.**

An interesting point in these bombings may be the fact that Mr. Allman is one of the seven foreign newspapermen who has been threatened with deportation by the Nanking government. Eight employees of the paper were also among the 83 Chinese blacklisted by Nanking at the beginning of July.

The July bombing of the paper resulted in the death of one person and wounding of nineteen others, among them a C.P.C. The outrage was committed by three men who threw four hand grenades. One of them was arrested after a chase by Chinese plainclothes policemen, and when taken to the Central station, confessed to have belonged to a "'certain" political organization.

According to another, and probably correct theory, the **Shun Pao** was bombed for having published an analysis on the local monetary situation which has arisen as the result of the opening of the Central Reserve Bank. Excerpts from this article may be found elsewhere in this issue of the **Review.**

Mr. Chen's "Promises"

Six days before his hired thugs committed this outrage against foreign property in the heart of the Settlement, Mr. Chen Kung-po, for third time since he assumed the mayoralty of Greater Shanghai, publically declared his intention of cleaning up the western area and other territory under his control of terroristic elements, vice and graft. He made the same promise when he was sworn into office over two months ago and again in an interview with newspapermen two weeks later.

Granting Mayor Chen the best of intentions, since his assumption of office, conditions in the outside areas have gone from bad to worse. Crime and vice are rampant and more and more gambling dens openly flaunt their banners in the face of Chen's puppet police. Settlement police have traced practically every hold-up in the recent crime wave to various hide-outs in the western area, and airy assurances to the contrary, Chen has placed every possible obstruction in the way of a satisfactory settlement of the long-outstanding policing quesion. Although the Shanghai Municipal Council authorities met on Wednesday to discuss the result of negotiations with Chen on the outside roads special police force, the latter's terms were found to be such as to render an agreement impossible.

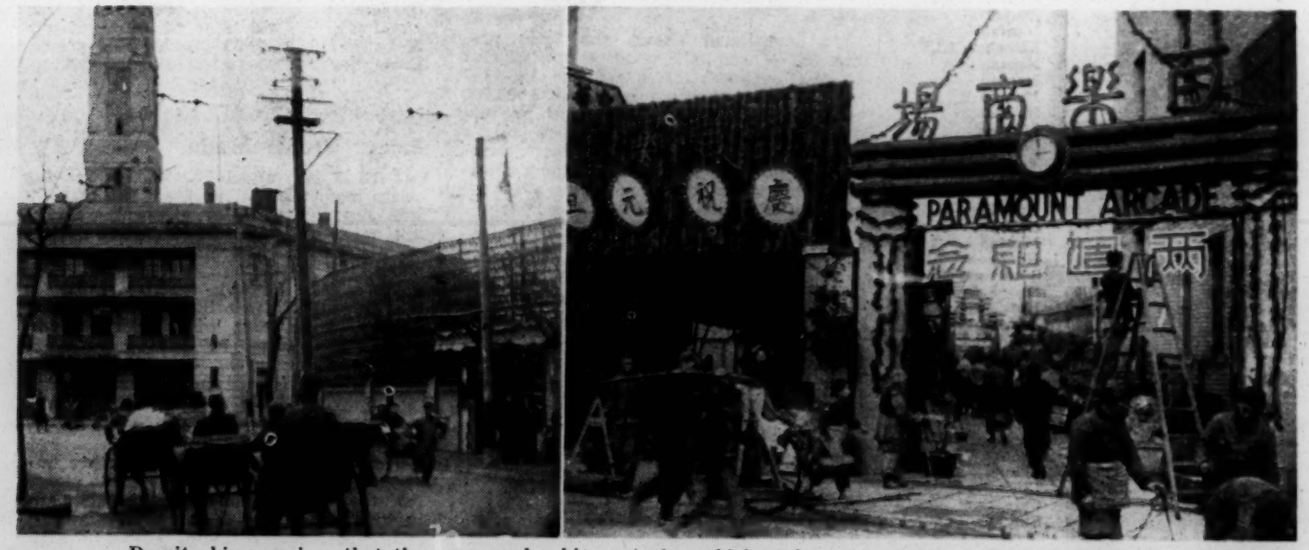
Further study of the plan was pushed forward for an indefinite period, an S.M.C. spokesman told **The China Press** after the Council meeting ended.

Earlier high officials expressed confidence that the tentative agreement, reached by Major Kienneth M. Bourne, Commissioner of the S.M.P., and Colonel Lu Ying, Commissioner of the City Government Police, would receive Council approval.

The **Tairiku Shimpo,** said to be the organ of the Japanese Army, came out with the definite statement that "the Shanghai Municipal Council will approve the tentative agreement...this afternoon." Mayor Chen Kung-po was reported to have expressed the confident view that a final signature on the **modus vivendi** agreement will take place in the near future.

Mayor Chen was said to have revealed that the final draft of the agreement had been forwarded to the Chinese authorities in Nanking, and that the agreement will be signed by the two local municipalities after the document

How Mayor Chen Kung-po Is Cleaning Up The Western Area



Despite his promises that the areas under his control would be "cleaned up," Mayor Chen Kung-po was unable to prevent the opening on Boxing Day of yet another luxury gambling hell. Gaily fluttering the "new order" banner above its gateway, the huge "Union Club" (at left) opened its gates for business 24 hours a day the day after Christmas. The new gambling joint, as can be seen in the picture, is directly opposite the Bubbling Well fire station, in front of which may be seen one of Mayor Chen's puppet police directing traffic, calmly disregarding the crime going on under his nose. At right is shown the Paramount Arcade, off which run numerous narrow lanes to thug hide-outs and smaller gambling houses. The arcade, which is near the Union Club, is decorated for the New Year holiday.

is returned here from Nanking within the next few days.

Major Bourne, who had been called to attend the meeting, said he was unable to state whether a final agreement was likely to be signed in the near future. "All I can say is that the matter is out of my hands," he declared.

Major Bourne started negotiations on the special police force with Colonel Lu Ying after the basic agreement was signed last February between the late Mayor Fu Siao-en and Mr. Cornell S. Franklin, then Chairman of the Shanghai Municipal Council.

A point still to be settled even if the police agreement is signed is the manner in which the new police force will collect revenue for its existence. Part of the force will be composed of present members of the City Government police, and part of S.M.P. men. The Commissioner, it is reported, will be appointed by the Chinese police force.

High officials of the Revenue Department, S.M.C., told **The China Press** recently negotiations would be started to solve the tax muddle now ruling in the western district, after the police agreement is signed. Later Mayor Chen declared that the new police force would collect taxes for its upkeep through a special new revenue office.

Foreigner Murdered

The brutality and daring of the hordes of gangsters now infesting the western district badlands was demonstrated on Monday in the cold-blooded murder of Mr. H. Latham, British employee of the Kung Yik cotton mill, during a hold-up in the Brennan Road Post Office.

Mr. Latham entered the post office at 1.20 p.m. to post a letter, and while he was purchasing stamps, three men walked in. They were all armed and while one of them remained at the door as a look-out, the other two approached Mr. Latham and a Russian woman and ordered them to hand over their money and valuables.

Speaking broken English, reported the **North China Daily News**, one of the robbers demanded money from Mr. Latham, but although the latter had only a little more than a dollar in his pocket, he would not give in and pushed his intimidator away, shouting to the clerk to telephone to the Police.

When the bandit, who was robbing the Russian woman, heard Mr. Latham shout, he turned around and fired one shot, the bullet penetrating Mr. Latham's back and coming out in front. As soon as the robbers saw him fall, they took to their heels and escaped.

The Russian woman went to his assistance and told one of the clerks to bring some water, while another telephoned the Shanghai Fire Brigade headquarters and asked for an emergency ambulance, which was sent there at 1.25 p.m.

Bleeding profusely, Mr. Latham was taken to the Country Hospital, but was pronounced dead on admission. A preliminary inquest was held at the hospital at 3.30 p.m. and was postponed to next Tuesday.

Police could get little information about the robbers since the Russian woman was greatly shocked and could give Police but few details of the hold-up. Her loss, the diamond ring, was estimated at approximately $500.

Immediately after the shooting, Japanese gendarmes appeared on the scene, but no trace was left by the desperadoes, who took to their heels the minute they saw Mr. Latham fall. The robber who shot Mr. Latham robbed the Russian woman of a diamond ring.

The news of his death came as a terrible shock to his business associates at the Kung Yik Cotton Mill and Jardine, Matheson & Co., who are the managers of the mill. Although living here for only a little over two years, Mr. Latham had many friends and was popular both for his character and his work.

Occupied Areas Unsafe

While conditions have rapidly deteriorated in Shanghai during the past two months, those in the Japanese occupied areas border on anarchy, according to frequent reports received in Shanghai. Mr. Chao Chi, mayor of Tsingtao, was the most recent target for assassins' guns, the puppet official, however, escaping with a wound in his leg. The attack took place on December 29, and delayed reports state that martial law was clamped down on the city immediately after the shooting. It was reported that over 700 suspects were arrested. As a result of the attack, the New Year celebration planned by the Tsingtao city government was abandoned.

Peiping meanwhile has been under a state of virtual siege since the murder of a Japanese officer in the ancient capital on November 29. A vivid account of the conditions reigning there is given by a special correspondent of the **North China Daily News**, who declares that (up to December 30) "no Chinese male is allowed to enter or leave the city."

"Restrictions have not only not been lifted, but they have been increased," the correspondent continues. It is the Tientsin barrier business over again, only on a much larger scale, and so far only directed against the unfortunate Chinese inhabitants.

"City gates are strictly guarded by a large group of Chinese police and Japanese gendarmes. Those allowed through the gates at all, women as well as men, are carefully searched; all vehicles are stopped and everyone made to get out; innocent-looking bags of flour and other grains are vigorously and thoroughly prodded to make quite sure, of course, that nobody is hiding in them. Unlike at Tientsin, however, there are no long queues waiting to pass, for those allowed through are only a very limited number: women, children, and few lucky males who have been able to obtain the special gate permit.

"Gate permits are only granted after the most minute and careful scrutiny, and every possible difficulty is placed in the way of getting them. A Chinese applying for such permit has to provide two photographs, fingerprints and a shop guarantee, and the guarantor has to go along to the issuing bureau with the person applying for the permit. An applicant may have to go along four, five, or more times, before it is granted; it is not difficult to imagine how reluctant anyone is to stand guarantee.

"As a further precaution, the whole circumference of the outer walls is to be "protected" with live wires. This is by no means such a simple matter, as the outer circumference is over 25 miles. One can only suppose that the already very inefficient electric power of the city will be still further strained than it already is.

"Leaving out the question of the good sense in shutting up a population of nearly 1,000,000 souls inside their city walls in this high-handed way, there still remains the fact that these restrictions inflict very direct hardships on a large part of the population. A considerable number of the laborers come from the surrounding villages, where they have their homes and families, from which they are now completely cut off, so that they are often unable to send them any part of their earnings, on which their families depend.

Die of Starvation

"And I have heard of cases, where old fathers and mothers have simply been left to die of starvation, as their sons in the city were unable to send them any money. Again, quite a considerable proportion of the business done by shops is with the villagers from the surrounding country. This part of their custom has now been completely wiped out. The only people to benefit are the shops in the suburbs outside the gates. Business in Peiping was none too flourishing before: had the Japanese wished to depress it still further, they could scarcely have thought of a better way.

"The idea, it is said, is to get every adult male in Peiping registered, and have him guaranteed and cross-guaranteed, and, when that has been done, to let everybody in, but nobody out. And then? Then, of course, you catch the vast numbers of Reds (?) who will be silly enough to walk into the city. It is a beautifully simple theory is it not? Only, from a certain number of years experience, I am prepared to wager that the Japanese will get tired of the business long before the Chinese."

Record American Budget Announced

President Roosevelt announced America's all-time record expenditure on arms and fighting men on January 8. Under what will be a "new deal plus national defense" budget the United States will be spending $25,000,000,000 for defense within a three-year period unless, as Mr. Roosevelt made clear, future circumstances require more.

"The Government has marked the arms program for defense of democracy; the world situation forces us to build up land, sea and air forces able to meet and master any contingency," said President Roosevelt.

He emphatically stated, reports *Reuter*, that the United States expects to continue expenditure for the "flow of really necessary munitions to those nations which are defending themselves against aggression."

The new defense program provides for a "most modern" mechanized army with manpower rising to nearly one million and a half.

Watches Social Side

In providing the financing for this gigantic program the President showed clearly that he did not intend to drop the social principles of the new deal. He foreshadowed important new Government measures regarding private industry in order to prevent manpower and materials from being diverted from national defense needs.

Armament profits limitation was also strongly hinted at when the President declared that he was "not satisfied that existing laws were adequate in connection with profits from national defense work."

Figures for the new June, 1941, to June, 1942, budget announced by Mr. Roosevelt are estimated to total $17,485,000,000, 79 per cent more than the preceding budget. Of this 62 per cent. is for national defense, 67 cent. more than preceeding defense estimates.

Optimistic Note

The estimated budget deficit rises to $9,210,000,000 compared to $6,889,000,000 last year. But President Roosevelt dismissed possible apprehensions about increase in the national debt. Not only did he demand immediate increased direct taxation which would contribute partly to covering defense expenditure but he struck an almost optimistic note when he foresaw economic activities and national income "rising to record heights."

Kremlin's Humiliating Rebuff to Japanese Efforts at Power Diplomacy Gives New Significance to North-west Route

BY CHEN HAN-SHENG

The almost complete fiasco of Japan's efforts at power diplomacy in Moscow during the last two months of 1940 has given new significance to Russia's policy in China, and particularly the development of the north-west route for the passage of war materials to Chungking. Moscow remains silent, as usual, on the matter, but the trend may be found in Japanese uneasiness.

"Friends To The Death"

The Washington Post

Tokyo has suffered two outstanding rebuffs from the Kremlin since the beginning of November, 1940. Outstanding was the humiliation of General Yoshitsugu Tatekawa, Japanese Ambassador to Moscow, who was left cooling his heels outside the offices of Messrs. Stalin and Molotov in November, after he had departed from Tokyo to pursue "firm and daring" negotiations for a Russo-Japanese non-aggression pact. Secondly, but perhaps still open for consideration, was the failure by Japan up to this week to secure a "satisfactory settlement" of the long-outstanding dispute over fishery rights off the Siberian coast.

That pro-Axis critics of the Japanese Government are becoming increasingly restive over failures in the U.S.S.R., and probably intend to force the new "'one-party" Diet to face these issues early in its session was made clear last week by the oustpoken comment of such papers as the violently nationalistic **Kokumin Shimbun** and the **Tokyo Nichi Nichi.**

Last year, the **Kokumin Shimbun** pointed out, the Soviet Union approached Japan with a "very strong diplomatic policy. The Abe cabinet was too weak to meet the situation. The Togo-Molotov provisional fisheries agreement was concluded. This has been the most humiliating diplomacy on Japan's part since the conclusion of the Portsmouth Treaty....Some people have allowed themselves to go to the point of extolling Japan-Soviet friendship on the hypothesis that the Tripartite Pact might lead Japan, Germany and the Soviet Union to an eventual rapprochement. Now Japan must give up flattering Russia, the same as it did Britain and America....Go ahead, Yosuke Matsuoka, on Japan's Imperial Way diplomacy."

The Nazi-owned **Hochi** believed that if Japan intended to achieve a high degree of national defense and construct a sphere of "mutual prosperity" in East Asia, she would have to readjust her relations with the Soviet Union on a friendly basis, and then concentrate on ....the disposal of the China affair."

The **Nichi Nichi** called for sincerity (from both sides, for a change) in the negotiations and regarded a solution of the fisheries question as the key to a "number of pending questions." "This opportunity must not be allowed to pass," it warned. Curiously, and for the moment, ignoring the question of "sincerity" on the fisheries treaty, the **Nichi Nichi** added that Japanese fishery rights "would continue without an agreement being reached."

Every one of these newspaper comments reveal a lack of real confidence in the new Government's ability to do any better than the Abe Government in the development of improved relations with Moscow. Even in the unlikely contingency of Russia finally concluding a non-aggression pact with Japan, it was made abundantly clear by her statement of the signing of the Wang-Abe "treaty" at Nanking on November 30 that the Soviets recognize Chungking only as the seat of the Chinese Government, **and that Russia's policy towards China would remain unchanged.** That latter qualification undoubtedly includes the continuance of war assistance to China, in the face of which it is difficult to understand how Tokyo's totalitarian Cabinet can possibly justify a "friendly" and "sincere'" attitude to Russia.

Europe-Asia Link

The U.S.S.R., one of the major political powers today, is a land bloc which locks Asia and Europe together. At the present time, when the Atlantic has become a war area and the Pacific is on the verge of being one, this land block has become the fulcrum of world communications. Asia, the most thickly populated continent, is semi-circumscribed by Soviet territory; and as long as the Soviet Union remains out of the war neither Vladivostock nor Odessa will be directly affected by sea blockades. If China were linked with the Soviet Union by modern communications, the U.S.S.R. would not only become China's new route to the new world, but both of these Soviet seaports would become actual doorways to China.

A new chapter of Eurasia communication via the Soviet Union began with the maiden flight of a Douglas air liner from Chungking on December 5, 1939, and the official opening of this airway on June 1, 1940. The long stretch of about 7,000 miles from Chungking through the Chinese province of Sinkiang to Moscow is now being covered in four days of flying. This has put another tuck in the route for mails and passengers to Europe.

By land from Chungking through Chengtu, Lanchow, and Hami to the Soviet border on the north-west frontier of Sinkiang province, the great north-western highway winds for about 2,700 miles. This trunk line is fed by branch highways from Hupeh, Shansi, Suiyuan, Ninghsia and other provinces.

In part, this highway runs along the ancient "silk route," but the major part is newly built, the most difficult section to construct being that between Kansu and Sinkiang, across a high plateau. It was no mean feat that this was built within three months in the depths of winter—peasants, soldiers, women and even children, numbering altogether more than one-tenth of a million people, being mobilized to drive the road over more than two hundred bridges and one thousand water ducts.

China's Unknown Heroines

The section between Lanchow and Chengtu also is very mountainous, and credit for its building should be given to the women of southern Kansu, where about one hundred miles was built exclusively by them. Many of these peasant women, with babies on their backs, and nothing to eat but sweet potatoes and a few salted turnips which they carried in their pockets, performed the most incredible engineering tasks. They are the unknown heroines of China's national war of self-defense.

After the signing of the new Sino-Soviet trade agreement in June, 1939, traffic over this great north-west highway increased swiftly and more than two

"Back To The Yalu"

Cartoon by Chungking artist shows China in the act of driving Japan back across the Yalu River into Korea.

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thousand, five-ton trucks now shuttle between China and the Soviet Union. From the European side come airplane parts for reassembling, gasoline, light military weapons, machine tools and occasionally heavy artillery pieces. From China's north-west, local products in huge quantities are being exported to the Soviet Union. The chief items are wool and hides. China formerly exported from this area CN$50,000,000 worth of hides every year through its Treaty ports, but this and other north-west exports now travel the overland route, in the opposite direction.

The present Lunghai railway in China, with its western terminus at Paochi, in Shensi province, may be connected with the Russian-Turkestan railway just beyond the Sinkiang border, by a new railway construction of some 1,000 miles within five years. If this project is completed, the Chinese and the Soviet railway systems will merge, and railway transportation will provide cheaper freight to the outside world than over the present Yunnan-Burma highway. It will then be possible to reach Europe by a land route from the interior of China within ten days. As long as China and the Soviet Union maintain friendly relations, both Odessa and Vladivostock will be the equivalent of Chinese ports.

Economic Changes Already

China's north-west is a vast mineral and agricultural areas. In the district of Yumen, north-west Kansu, several thousand workers are digging oil wells, and the present daily production amounts to 2,000 gallons of crude oil, from which 500 gallons of gasoline and lesser quantities of kerosene and other products are being obtained. It is said that the quality of this gasoline is better than that being produced in the Soviet Union. There are other potential oilfields in northern Shensi. Gold, iron, copper and salt are plentiful.

The ancient Empire of Sihsia, located in China's northwest, was famed as the richest granary of the world then known, but this is no longer so because of the destruction of its once-famous great irrigation system, through wars and administrative neglect. Restoration of this system however is considered more feasible than the restoration effected in Mesopotamia, and even now China's north-west yields a considerable quantity of wheat and legumes. Vast pastures provide feed for cattle, sheep and horses, and the north-west is the home of China's camels.

The new highway traffic literally has transformed a great portion of the north-west. The whole way along the route there are stations within ten miles of each other, and former sleepy little villages now blossom with hotels, restaurants, modern shops and amusement centres. The city of Lanchow, for instance, has trebled its population; and in the environs of Lanchow small machine shops and industrial cooperatives are responding to the new economic needs.

For centuries inter-provincial and international trade in China's north-west has been reduced to the minumum, but the necessity of China's national defense has invented new economic activities in this once remote and deserted corner. With communication lines reopened and modernized, and with Russian drivers and mechanics continually passing through, Sino-Soviet cultural relations are broadening. Such changes, now called forth by the war, will create a factor which will sooner or later affect world political economy.

Government to Have New Ministry

Preparations are in progress for the inauguration of a new ministry for the control and supervision of the nation's resources and supplies early this year, according to information from political circles.

The ministry, which probably will be known as the Material and Resources Control and Supervision Ministry, is expected to be a counterpart of the Ministry of Supplies in Great Britain. Generalissimo Chiang Kai-shek may concurrently be the head, with Tseng Yang-fu, former mayor of Canton, and General Ho Yao-tsu, former director of the Main Office of the National Military Council, as deputies.

The new ministry will be an independent organization in that it does not belong to the Executive Yuan or to the National Military Council. Its exact status has not been revealed.

Organizations like the Foreign Trade Commission, the National Food Administration, the Agricultural Credit Administration, the Fuel Control Bureau, the China National Tea Corporation, the Price Stabilization Marketing-Supplying Bureau, the Iron and Steel Control Commission, and other will be merged into the new ministry. Under the ministry will be a number of separate committees, each responsible for the control and supervision of its own field.

The Ministry of Economic Affairs will carry on its activities as usual except that its main emphasis will be on the development of commerce and industry in the interior.

Wang's "New Order Money" Goes into Circulation, but Fails to Gain Favor Despite Use for Customs Purposes

Wang Ching-wei's "new order" money went into circulation on January 6, as scheduled, but failed to gain favor despite the notification that the otherwise worthless script would be acceptable in payment of Customs dues, in place of the Hwa Hsing notes which have now been withdrawn. The bank was launched with a flourish in Nanking, accompanied by the long-anticipated announcement that Japan was to have a finger in the puppet pie after all, with the appointment of Dr. Masutaro Kimura, former director of the Tokyo Chamber of Commerce and Industry, to the bank's staff.

Notable on the list of Chinese members of the "Central Reserve Bank's" staff was Jabin Hsu, who, it will be recalled, was kidnapped a month ago and was reported to have been held for some time at 76 Jessfield Road, Shanghai, headquarters of Wang's notorious gang of thugs and gunmen. As Hsu previously was Director of the Bureau of Currency of the Ministry of Finance and was known to have been a close associate of Dr. H. H. Kung, it is believed that during his period of confinement in Jessfield Road he was "persuaded" of the error of his way and joined up with the Nanking bank under compulsion.

An extension of the methods which convinced Jabin Hsu was also attempted by the puppet bankers on the Chinese press just prior to the opening of the concern, it was learned. Local vernacular newspapers received circular letters warning them to encourage the circulation of the Central Reserve currency under pain of drastic measures to be taken immediately. Most of the Chinese newspapers, however, either ignored, or frankly criticized the bank when it opened with a first day's "business" claimed to have been $7,000,000 in issue and $20,000,000 in deposits.

To the foreign press it was announced on January 7 through the Nanking government's propaganda agency, the Central Press Service of China, that "although the new bank notes will be at par with National Currency at present, if National Currency further depreciates, necessary steps will be taken to stabilize the new 'national currency.'" It was also somewhat optimistically declared that the bank's reserves being almost equal in amount to the banknotes to be issued, therefore it could be converted into foreign currency at any time without the least restriction.

Reserves Doubted

Where Wang Ching-wei's government has secured the "reserves" necessary to back an issue equal even to a month's issue on par with National Currency at the rate claimed for the first day's business still remains one of those secrets as closely guarded by the puppets as the "Prisoner of Nanking" himself. The bank officials so far have failed to reveal exactly what their reserves are, and it is more than likely that this is simply because they have no reserves to announce, according to the general opinion among finance circles in Shanghai. As previously pointed out in the Review, the Japanese have no foreign currency to hand out to Wang, and it is well-known that National Currency in the possession of the Nanking government has been barely sufficient to meet its executive needs. Although none of the notes had made their appearance in Shanghai up to late last week, it was emphatically stated by foreign banks that they would not be accepted even as scrap paper when they did appear.

It was made obvious on January 4 by Chou Fo-hai, Nanking Minister of Finance and Governor of the Central Reserve Bank, that should all other methods fail, the strongest compulsion possible will be applied to get the "new order" notes into circulation that they may thereby acquire some ficticious value. His announcement then that the script could be used to acquire Customs Gold Units was reinforced the day after the opening of the bank with the statement that if necessary restrictions, probably along the lines of those so successfully employed by Wang Kehmin's Federal Reserve Bank, and the Japanese Banks in North China, would be placed on the movements of foreign imports and exports.

Evil to Combat "Evil"

Chou also made the remarkable statement at the opening of the Central Reserve Bank that "reckless inflation of bank-notes by Chungking" was responsible for the fast decline in the value of China's currency. Soaring to illogical

Jabin Hsu

heights, he added that the Nanking regime proposed to cure this evil by the issue of more bank-notes **"on par with the existing fapi,"** thereby safeguarding the interests of the people. This statement becomes the more remarkable when the note issue of the Yen bloc, into the folds of which the Central Reserve Bank automatically enters, is examined, According to a recent issue of **Finance and Commerce,** these were as follow:

Bank of Japan	Yen 4,800,000,000
Bank of Manchu	M. Yuan 1,000,000,000
Fed. Reserve Bank	FRB 650,000,000
Bank of Mengehiang	Mongol Y 70,000,000
Hua Hsin Bank	HH 5,000,000

"The latest information from Chungking (June, 1940) gave the Chinese note issue at $3,962,144,205," the article continued. "Market estimates, however, then placed the figure at around $5,700,000,000. It is generally believed that notes are issued at the rate of about $150,000,000 a month, so that the highest estimate of the note issue at the end of the year would be around $6,600 millions.

"The yen bloc currencies, totalling yen 6,500,000,000, at their own arbitrary rate of one yen to 23½ U.S.$ cents, would equal about U.S.$1,527,000,000, or considerably more with military yen added (The Bank of Japan yen, however, is quoted in Manila's black bourse at about 9 U.S. cents while the daughter currencies are quoted at heavy discounts when quoted at all).

"Chinese **fapi**, taking the highest figure of $6,600 millions as corrects at the open and available market rate of 5½ U. S. cents, would amount to only U.S.$363,000,000. Such a note circulation, amounting to considerably less than U.S.$1 per head of the population (and with about 50 per cent covered by recent foreign credits), cannot be regarded as excessive after four years of war, and there seems no reason why the financial position should not be regarded as eminently sound."

Shun Pao Bombed

Writing in the **Shun Pao,** which paper is thought to have been bombed Monday evening for having published the article, Ku Liu-tsai analyzed the position of the new currency in its relations to other Yen bloc notes in China, in the form of a dialogue. Issue of the Central Reserve Bank script, he observed, met with no opposition from the Federal Reserve Bank, the Hwa Hsing Bank, and the Japanese army, for the simple reason that none of the scripts issued by those concerns was of any greater value than that issued by Nanking. Therefore none could affect the others. The only opposition to the bank was forthcoming from Japanese merchants, who foresaw themselves being burdened with yet another load of paper.

It was pointed out that the monthly expenses of the Nanking regime had been approximately $10,000,000 monthly. Since the inception of the Nanking regime, its expenses had increased to $16,000,000, but the monthly income was variously estimated as between $6,000,000 and $10,000,000, which gave them a similar deficit. No income had been made available to Nanking by the Japanese and most of the squeeze and racketeering proceeds in the Nanking controlled area went to private pockets. There was, therefore, no reserve through normal income.

Japanese traders were concerned at this situation, the article continued, because they realized that the payment they were receiving for large quantities of goods dumped in the occupied areas consisted for the most part of worthless script which was continuing to accumulate, and, with the opening of the Central Reserve Bank, threatened to load them further. The Japanese authorities, however, in order to obtain **fapi** good for foreign exchange, were compelled to insist on a continuation of the dumping of Japanese goods. Having flooded the market with military yen, Federal Reserve notes and Hwa Hsing notes, the Japanese were now attempting to acquire through Wang Ching-wei's bank a new source of **fapi** (this theory fits in well with the appointment of Dr. Kimura to the executive department of the bank).

Fapi Accepted by Customs

The author of the article also revealed that fearing Customs revenue might fall off, the Japanese authorities in Shanghai permitted traders to acquire Customs Gold Units in **fapi,** instead of insisting on their purchase with Hwa Hsing notes as originally intended. The **fapi,** of course, was deposited in the Yokohama Specie Bank, where it was indubitably converted into foreign currency or raw materials at every possible opportunity.

Stability of the National dollar despite the issuance of currency by the Central Reserve Bank was explained by the **Shun Pao** as being due to the determination of the National Government to stabilize **fapi** regardless of what currencies were issued by the puppet regimes. This also was responsible for the lack of anticipated speculation on the money

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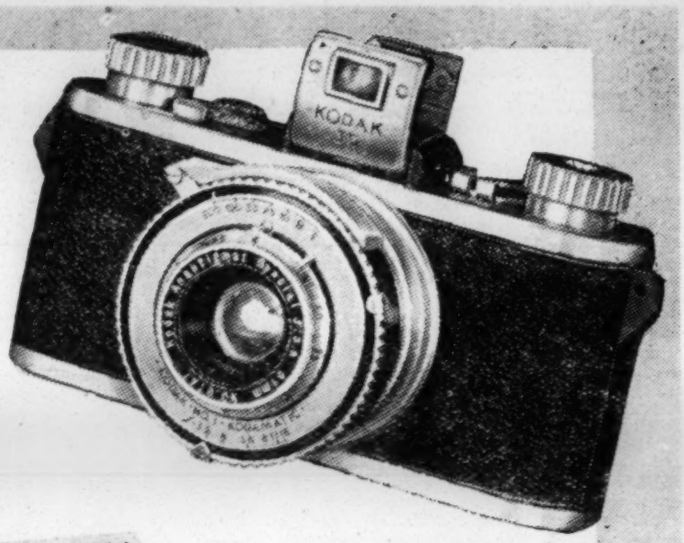

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exchange, it was declared. It was also pointed out that America and Britain, which could not be considered financial fools, recently had made loans to China, and that those loans certainly were not made with the idea of the proceeds reaching Japanese hands.

Criticism was forthcoming also from Chungking where, according to **Reuter**, the **Sao Tang Pao**, Chinese army organ, declared that the decision of the Wang Ching-wei regime to open a bank was to be regarded only as a measure by Nanking to meet a big deficit.

A special despatch to the Chinese daily reported that the monthly expenditure of the Nanking regime now totals $16,000,000, but that the monthly revenue reaches only $4,000,000 to $6,000,000.

While the capital of the new bank is said to be $100,000,000, the newspaper claims that no mention is made in regard to what currency the new bank's capital will be in.

Aims of Bank

With the establishment of the Central Reserve Bank it is pointed out that Nanking aims, in the first place, to absorb Chinese National Currency in the occupied areas for the purchase of foreign exchange; secondly, to eliminate the circulation of National Currency by enforcing the use of the new notes as legal tender; thirdly to force merchants in the occupied areas to buy and sell foreign exchange through the new bank by control of the exports from these areas.

The new bank is said to be similar in its organization and functions to the Central Bank of Chungking, while even the notes are said to be almost identical in design with those issue by the latter bank, with the exception of bearing different signatures.

The **Sao Tang Pao** predicts a dark future for the new note issue, since the Japanese Military, the paper states, have already issued $600,000,000 worth of military yen and the Hua Hsing Bank has only been allowed to issue $5,000,000 worth of notes for fear of competing with the Japanese military yen.

Shanghai Warned

A warning to the Chinese populace in Japanese-occupied areas not to accept banknotes issued by the Nanking Central Bank was given by Mr. Tu Yueh-sen, former prominent Shanghai banker and businessman, in a special radio broadcast from Chungking, addressed to the people of Shanghai.

Mr. Tu Yuen-sen declared that the notes issued by banks under the control of the Japanese Military Authorities' now totalled $2,000,000,000 without adequate security. With these notes, he continued, the Japanese hoped to obtain Chinese National currency for the purchase of foreign exchange or to secure Chinese materials. As soon as the Japanese are driven out of China these notes wll be absolutely valueless.

In addition to the usual securities, the broadcast continued, the United States has recently loaned $100,000,000 United States' currency, while Great Britain has loaned £10,000,000, for the stabilization of Chinese currency. Soviet Russia meanwhile has also loaned a considerable amount to China.

Officials Listed

Among the names in the list of Central Reserve Bank officials announced on January 1, some were former junior officials of the Chungking controlled Central Bank of China.

The list follows: Manager of the banking department, Mr. Liu Sze-ziang; assistant managers, Mr. Van Kai and Mr. Chen Pai-hwa; manager of the circulation department, Mr. Yih Tse-chi; assistant managers, Mr. Hwang Zung-fong, Mr. Zao Hong-tao; sub-manager, Mr. Tsien Sien-lang; manager of the national deposit board, Mr. Yu Zao-yun; assistant manager Hwang Tung; director of the bureau of general affairs, Mr. Wu Chian-yun; director of the bureau of general auditing, Mr. Yang Sze-ping; director of the bureau of investigation, Mr. Jabine Hsu; and general secretary, Mr. Hsia Tsung-teh.

Chungking Ban

An order from the Ministry of Finance at Chungking forbidding people to use bank notes other than those printed or authorized by the Chungking government was given prominence in all leading Chinese dailies in Shanghai on December 22. Those violating the order will be punished for endangering the financial market. Those engaged in hoarding and transportation of unauthorized bank notes will have their notes confiscated. They will also be punished according to military law. The Ministrial order has been sent to the Customs and all provincial and municipal authorities.

Notes issued without Chungking's authorization, it is stated, will not be legal in any transactions and they will not affect the position of the legal tender notes issued by the Chungking government, the position of which has been greatly strengthened as a result of the new credits granted by the British and American governments. British and American banks are said to be closely co-operating with Chinese banks so that other bank notes will not find their way into the market.

Salvation Army Opens Beggars' Camp in Effort to Solve City's Acute Problem; Rehabilitation Plan

BY TOM CRICHTON

One of the most urgently needed charities in all the world was launched in Shanghai on New Year's Day when the Salvation Army opened a camp designed to rehabilitate 1500 Chinese beggars. The camp was hastily constructed in one month, and although it was not wholly completed on January 1, 50 beggars a day were being admitted.

So far back as records go Shanghai has been infested with a beggar population, but since the Sino-Japanese War clogged the world's sixth city with penniless refugees, the beggar problem has become more acute than ever.

Chinese beggars are a courageous lot. Battling constantly between life and death, they have a will to live which is heroic and miraculous. As Marc T. Greene well known Far Eastern correspondent remarked, he has been waiting since 1924 for one shivering black skeleton to die. But the circumstances of poverty in Shanghai are too cruel to allow all to live, and regularly each morning bodies of 100 or more starved or frozen beggars are found in the city's streets.

If the beggars' camp opened on New Year's day is a success, all this will be a thing of the past by 1945. Those who direct the camp insist that the Chinese are not instinctively irresponsible and that no man will beg if he can earn a decent living at a trade.

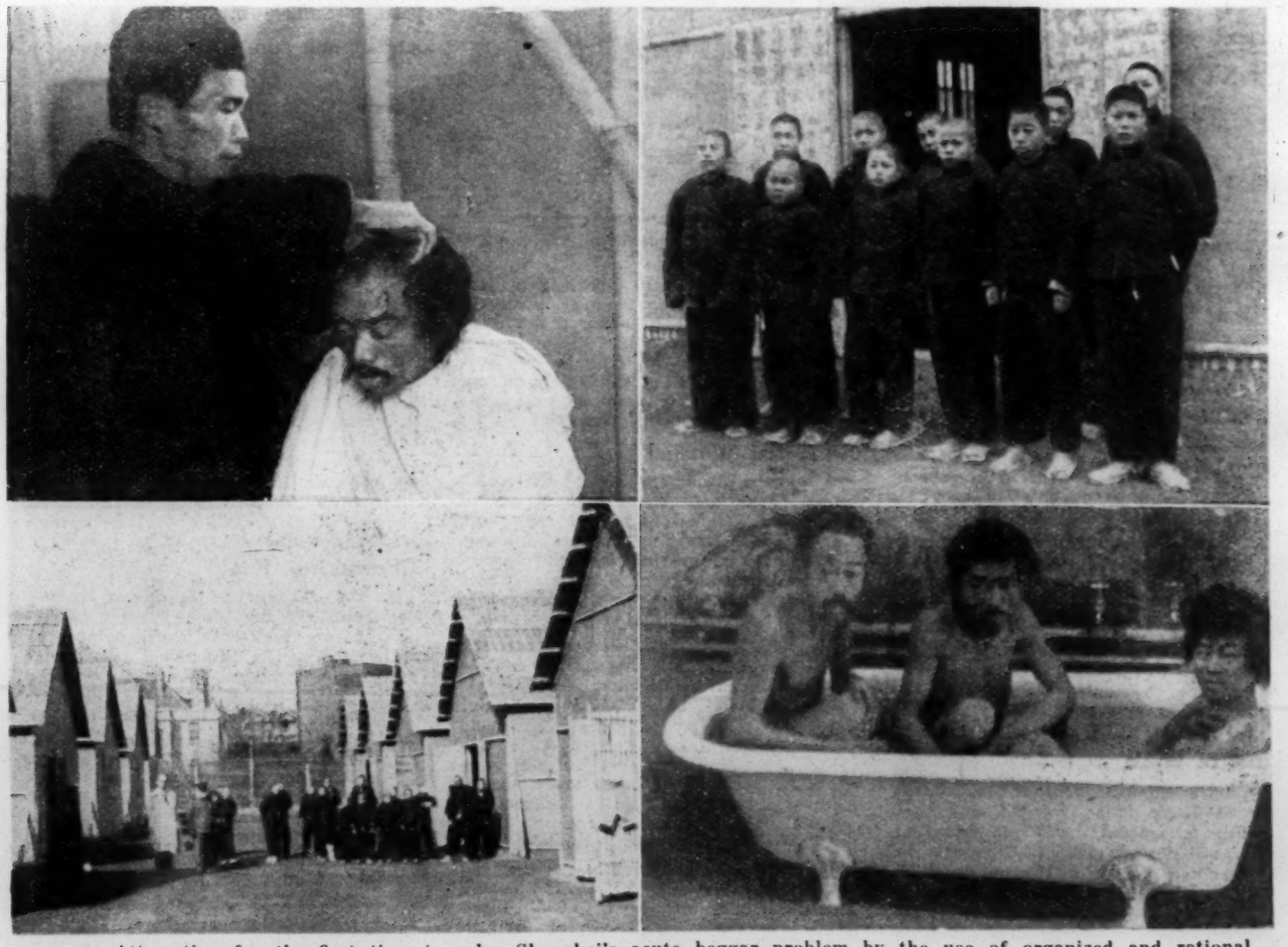
It is a common saying among Shanghai's sophisticated foreign colony that many beggars are the richest men in China and that any attempt to clean them up and get them off the streets would be resented by the beggars themselves. Contrary to these cynical opinions, beggars taken into the new camp showed no reluctance when they were picked up by the police van responsible for their delivery. Actually news of the camp's opening had spread among the beggars, and there were minor riots for admission to the police wagon. For several days before the opening a crowd gathered by the main gate of the camp and conspicuously begged from each other in an effort to qualify for admission.

Humane Approach

The Chinese have stubborn wills, and the only approach to them is kindness. This philosophy is put into practice as soon as the beggars arrive at the camp. They are immediately treated to a bowl of hot rice and some soup. That these unfortunates are genuinely hungry is proved by the way they eat their meal. For many it is the first full stomach since the hostilities began in 1937. One man ate five bowls of rice and could not believe his eyes when he was offered more after each bowl.

By the time the dinner is over, the psychological battle has been won, and the beggars show nothing but willingness to cooperate. It was originally planned that beggars should be forced to remain at the camp until they were ready to lead new lives. But this plan was modified, and after dinner a vote was taken among them. Of the 31 men

New Life And New Hope For Shanghai's Beggar Hordes



Attempting for the first time to solve Shanghai's acute beggar problem by the use of organized and rational methods, the Salvation Army opened a camp on New Year's Day designed not only for the relief of the city's homeless and hungry hordes, but also for their rehabilitation. Funds for the support of the camp, the original plan for which was suggested by the Shanghai Rotary Club, will come from the Voluntary Entertainments Tax, proceeds of which have amounted to more than a million dollars since it was inaugurated by local theaters and cabarets in 1938. Above are pictures of the opening ceremony at the camp on New Year's Day (lower left), and top right, a group of youngsters who have just had their feet put on the road back to decency and self-respect. Their heads are close-cropped from the attentions of the camp barber (top left); they have been washed, fed, given a new suit of clothes and have undergone a physical examination. They will be taught some form of work and later, when they have "graduated," employment will be found for them. In the picture at lower right are three of the emaciated skeletons of men who, giving the lie to the generally accepted idea that beggars prefer filth, leapt into the hot bath provided for them and eventually had to be compelled to make way for their fellows. Photographs by Tom Crighton.

admitted, all elected to remain. Nine of the women, however, protested that they were not beggars at all, but had merely been loafing on the streets when they were found by the police.

The first big job is to clean the beggars up. Contrary to another popular superstition which says that poor Chinese are not happy unless they are filthy and vermin ridden, the beggars jumped into the bathtub three at a time and had to be urged to make way for the next batch.

The filthy rags which the beggars wore on entry to the camp are burned, and each man receives a suit of high grade clothing. After this, the barber arrives and cuts each man's hair just as he wishes it. As nearly all the beggars have lice in their hair, all the men choose complete "convict" cuts. A few old men wish to keep their beards and are allowed to do so.

Beggars Transformed

In less than two hours the filthy black beggars are transformed into decent looking men. But here the process of rehabilitation does not stop. Nearly all of them are sick or infected. Among the beggar class a skin ulcer is a business asset, and many of them are covered with running sores. For Dr. Francis Modern, camp physician, and his two assistants, a big job lies ahead. Practically 100 per cent of the beggars must be treated for malnutrition, but with these hardy people, plain rice and vegetables compare to a month of sanitarium care for many another race.

Children admitted to the camp respond immediately, and before the camp was open a day, squads of children were sweeping it up voluntarily and following the carpenters around in an effort to be helpful.

If those beggars who fall within the classification of war refugees can be returned to their home towns, their problem will be settled. For the others, however, a rigorous training in trades and crafts is in store. With the cooperation of many industries guaranteed, it will not be impossible to place most of the able bodied men in regular jobs.

The idea of a beggars' camp dates to the turn of the century, when the plan was discussed, but no group or individaul would tackle the problem until this year when Brigadier B. Morris of the Salvation Army appealed for public funds with which to start a camp. He was given an old drill grounds of the United States Marines and an allowance of $100,000. The Rotary Club took an active part in the planning, and before most Shanghailanders knew what was going on, the camp was a reality.

Problem Aggravated

The Japanese invasion, beginning here in 1937, has aggravated the beggar problem a thousand fold. It was in process of being solved by the last legal Chinese municipal administration, prior to the Japanese landing. Mayor Wu Teh-chen, who built up the Civic Center at Kiangwan and O. K. Yui, his successor, had organized several municipal work-houses or factories in Chapei, which were absorbing the beggars, professional and otherwise, at a rapid rate.

The inspiration for making another attempt to solve the problem orignated with the Shanghai Rotary Club and was first mentioned officially by W. J. Keswick, Chairman of the Council at the last Ratepayers Meeting.

The funds for the support of the present camp came from the so-called "Entertainment Tax" a volutary levy largely contributed by some 25 movie theaters, and a few cabarets in the city. The larger portion is contributed by the first run theaters, which started the scheme in 1938 with the object of providing funds for refugee relief. The method used is to assess a small surcharge on all theater tickets sold by the various cinema houses.

They Made The Beggar Camp Possible

Pictured in front of the administration building of the newly completed beggars' camp are four of the men whose foresight made the camp possible. From left to right are Lieutenant Fung and Brigadier B. Morris, both of the Salvation Army, Mr. A. R. Hager, representing the Rotary Club, and Mr. W. J. Keswick, chairman of the S.M.C.—CHINA PRESS photo.

Supervision Expected

The Entertainment Tax now amounts to between $50,000 and $60,000 monthly and is growing. It amounted, from the time of its initiation in the middle of 1938 to Nov. 30 of that year, to $276,000. In 1939 it amounted to $368,000 and in 1940 amounted to approximately $510,000. The total amount collected, according to recent report was $1,155,288.58.

Owing to the size of the fund and the seriousness of the beggar and other relief problems, there recently have been proposals for a closer supervision over the methods used in dispensing the money to needy projects. A. R. Hager is chairman of the Rotary Committee which has concerned itself with the solution of the problem of caring for beggars.

The new camp consists of 24 big residence halls where 60 beggars sleep on bamboo racks, an administration building which is acting as a school, and a hospital, a church and a recreation field. Meals are served in the bunkhouses.

Although there is still much skepticism in Shanghai regarding the plan, it already has proved itself a success as far as its founders are concerned. The beggars show a willingness to elevate themselves, and to this will has been added the way.

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Full Details of President Roosevelt's "Fireside Chat"

Following is the complete text of the address which President Roosevelt delivered December 29, warning the Axis Powers that the United States would not be intimidated.

"This is not a fireside chat on war. It is a talk on national security; because the nub of the whole purpose of your President is to keep you now, and your children later, and your grandchildren much later, out of a last ditch war for the preservation of American independence and all of the things that American independence means to you and me and to ours.

"Tonight, in the presence of a world crisis, my mind goes back eight years ago to a night in the midst of a domestic crisis. It was a time when the wheels of American industry were grinding to a full stop, when the whole banking system of our country had ceased to function. I well remember that while I sat in my study in the White House, preparing to talk with the people of the United States, I had before my eyes the picture of all those Americans with whom I was talking. I saw the workmen in the mills, the mines, the factories; the girls behind the counter, the small shop keeper; the farmer doing his spring plowing; the widows and the old men wondering about their lives' savings.

"I tried to convey to the great mass of American people what the banking crisis meant to them in their daily lives.

"This New Crisis"

"Tonight, I want to do the same thing, with the same people, in this new crisis which faces America.

"We met the issue of 1933 with courage and realism. We face this new threat to the security of our nation—with the same courage and realism.

"Never before since Jamestown and Plymouth Rock has our American civilization been in such danger as now. For, on September 27, 1940, by an agreement signed in Berlin, three powerful nations, two in Europe and one in Asia, joined themselves together in the threat that if the United States interfered with or blocked the expansion program of these three nations—a program aimed at world control—they would unite in ultimate action against the United States.

"The Nazi masters of Germany have made it clear that they intend not only to dominate all life and thought in their own country, but also to enslave the whole of Europe, and then to use the resources of Europe to dominate the rest of the world.

"Three weeks ago their leader stated, 'There are two worlds that stand opposed to each other.' Then in defiant reply to his opponents he said this: 'Others are correct when they say: with this world we cannot even reconcile ourselves—I can beat any other power in the world.' So said the leader of the Nazis.

"In other words the Axis not merely admits but proclaims that there can be no ultimate peace between their philosophy of government and our philosophy of government. In view of the nature of this undeniable threat it can be asserted properly and categorically that the United States has no right or reason to encourage talk of peace until the day shall come when there is a clear intention on the part of the aggressor nations to abandon all thought of dominating or conquering the world.

"At this moment the forces of the states that are leagued against all peoples who live in freedom are being held away from our shores. The Germans and Italians are being blocked on the other side of the Atlantic by the British and the Greeks and by thousands of soldiers and sailors who were able to escape from subjugated countries. The Japanese are being engaged in Asia by the Chinese in another great defense.

"In the Pacific is our fleet.

"Some of our people like to believe that wars in Europe and in Asia are of no concern to us. But it is a matter of most vital concern to us that European and Asiatic war makers should not gain control of the oceans which lead to this hemisphere. One hundred and seventeen years ago the Monroe Doctrine was conceived by our Government as a measure of defense in the face of a threat against this hemisphere by an alliance in continental Europe. Thereafter we stood on guard in the Atlantic with the British as neighbors. There was no treaty.

"There was no 'unwritten agreement.'

"Good Neighbors"

"Yet there was the feeling proven correct by history that we as neighbors could settle any disputes in peaceful fashion. The fact is that during the whole of this time the western hemisphere has remained free from agression from Europe or from Asia.

"Does anyone seriously believe that we need to fear attack while a free Britain remains our most powerful naval neighbor in the Atlantic? Does anyone seriously believe on the other hand that we could rest easy if the Axis powers were our neighbor there?

"If Great Britain goes down, the Axis powers will control the continents of Europe, Asia, Africa, Australia and the high seas—and they will be in a position to bring enormous military and naval resources against this hemisphere. It is no exaggeration to say that all of us in the Americas would be living at the point of a gun—a gun loaded with explosive bullets economic as well as military.

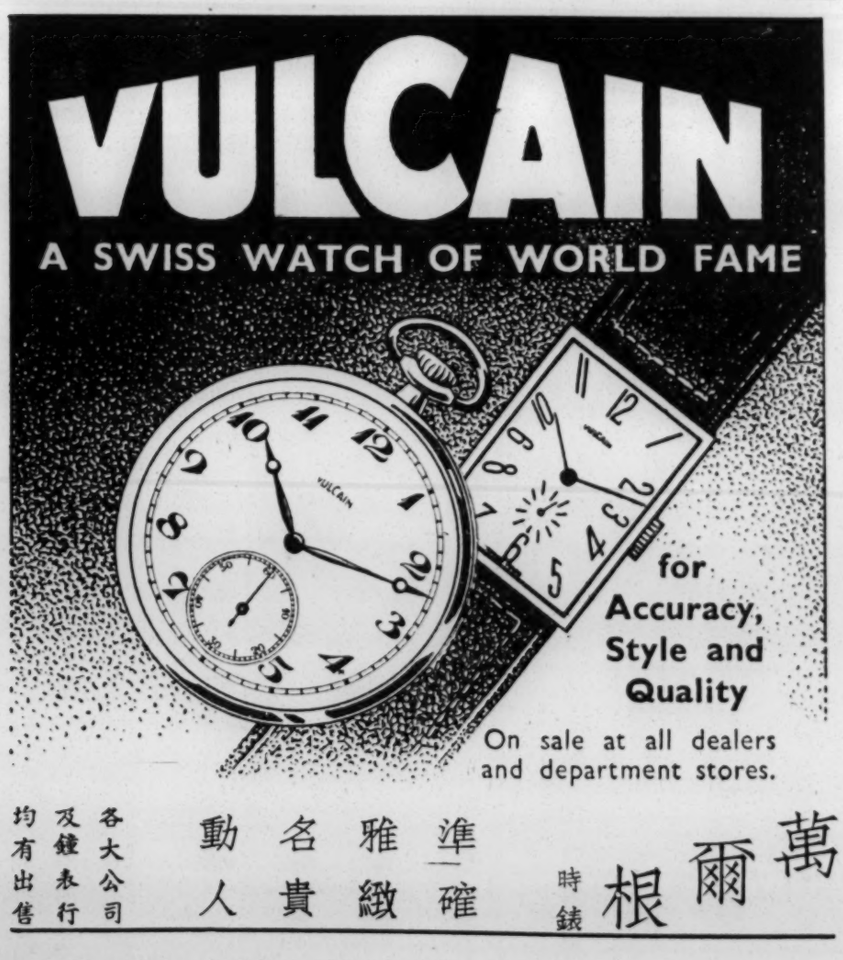
"We should enter upon a new and terrible era in which the whole world, our hemisphere included, would be run by threats of brute force. To survive in such a world we would have to convert ourselves permanently into a militaristic power on the basis of war economy.

"Some of us like to believe that even if Great Britain falls we are still safe because of the broad expanse of the Atlantic and of the Pacific.

"But the width of these oceans is not what it was in the days of clipper ships. At one point between Africa and Brazil the distance is less than from Washington to Denver—five hours for the latest type of bomber. And at the north of the Pacific Ocean America and Asia almost touch each other. Even today we have planes which could fly from the British Isles to New England and back without refueling. And the range of the modern bomber is ever being increased.

Facing the Facts

"During the past week many people in all parts of the nation have told me what they want me to say tonight. Almost all of them expressed a courageous desire to hear the plain truth about the gravity of the situation. One telegram, however, expressed the attitude of the small minority who want to see no evil and hear no evil, even though they know in their hearts that evil exists. That



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telegram begged me not to tell again of the ease with which our American cities could be bombed by any hostile power which had gained bases in this western hemisphere. The gist of that telegram was: Please, Mr. President, Don't frighten us by telling us the facts.'

"Frankly and definitely there is danger ahead—danger against which we prepare. But we well know that we cannot escape danger or the fear of it, by crawling into bed and pulling the covers over our heads.

"Some nations of Europe were bound by solemn non-intervention pacts with Germany. Other nations were assured by Germany that they need never fear invasion. Non-intervention pact or not, the fact remains that they were attacked, overrun and thrown into the modern form of slavery at an hour's notice or even without any notice at all. As an exiled leader of one of these nations said to me the other day—'The notice was a minus quantity. It was given to my government two hours after German troops had poured into my country in a hundred places.'

"The fate of these nations tells us what it means to live at the point of a Nazi gun. The Nazis have justified such actions by various pious frauds. One of these frauds is the claim that they are occupying a nation for the purpose of 'restoring order.' Another is that they are occupying or controlling a nation on the excuse that they are 'protecting it' against the aggression of somebody else.

"Tempting Loot"

There are those who say that the Axis powers would never have any desire to attack the western hemisphere. This is the same dangerous form of wishful thinking which has destroyed the powers of resistance of so many conquered peoples. The plain facts are the Nazis have proclaimed time and again that all other races are their inferiors and therefore subject to their orders. And most important of all the vast resources and wealth of this hemisphere constitute the most tempting loot in all the world.

"Let us no longer blind ourselves to the undeniable fact that the evil forces which have crushed and undermined and corrupted so many others are already within our own gates. Our Government knows much about them and every day is ferreting them out.

"Their secret emissaries are active in our own and neighboring. countries They seek to stir up suspicion and dissension to cause internal strife. They try to turn capital against labor and vice versa. They try to reawaken long slumbering racial and religious enmities which should have no place in this country. They are active in every group that promotes intolerance. They exploit for their own ends our natural abhorrence of war. These trouble breeders have but one purpose. It is to divide our people into hostile groups and to destroy our unity and shatter our will to defend ourselves.

Fifth Column in U.S.

"There are also American citizens, many of them in high places who, unwittingly in most cases, are aiding and abetting the work of these agents. I do not charge these American citizens with being foreign agents. But I do charge them with doing exactly the kind of work that the dictators want done in the United States. These people not only believe that we can save our own skins by shutting our eyes to the fate of other nations. Some of them go much further that that. They say that we can and should become the friends and even the partners of the Axis powers. Some of them even suggest that we should imitate the methods of the dictatorships. Americans never can and never will do that. The experience of the past two years has proved beyond doubt that no nation can appease the Nazis. No man can tame a tiger into a kitten by stroking it. There can be no appeasement with ruthlessness. There can be no reasoning with an incendiary bomb. We know now that a nation can have peace with the Nazis only at the price of total surrender.

"Even the people of Italy have been forced to become accomplices of the Nazis; but at this moment they do not know how soon they will be embraced to death by their allies.

"The American appeasers ignore the warning to be found in the fate of Austria, Czechoslovakia. Poland. Norway, Belgium, the Netherlands, Denmark and France. They tell you that the Axis powers are going to win anyway; that all this bloodshed in the world could be saved and that the United States might just as well throw its influence into the scale of a dictated peace and get the best out of it that we can.

"Negotiated Peace"

"They call it a 'negotiated peace'. Nonsense! Is it a negotiated peace if a gang of outlaws surrounds your community and on threat of extermination makes you pay tribute to save your own skins?

"Such a dictated peace would be no peace at all. It would be only another armistice leading to the most gigantic armament race and the most devastating trade wars in history. And in these contests the Americas would offer only small resistance to the Axis powers.

"With all their vaunted efficiency and parade of pious purpose in this war there are still in their background the concentration camp and the servants of God in chains. The history of recent years proves that shooting and chains and concentration camps are not simply the transient tools but the very altars of modern dictatorships. They may talk of a 'new order' in the world but what they have in mind is but a revival of the oldest and the worst tyranny. In that there is no liberty, no religion, no hope.

"The proposed 'new order' is the very opposite of a United States of Europe or a United States of Asia. It is not a government based upon the consent of the governed. It is not a union of ordinary, self-respecting men and women to protect themselves and their freedom and their dignity from oppression. It is an unholy alliance of power and self to dominate and enslave the human race.

British Crusade

"The British people are conducting an active war against this unholy alli-

ance. Our own future security is greatly dependent on the outcome of that fight. Our ability to 'keep out of war" is going to be affected by that outcome.

"Thinking in terms of today and tomorrow I make the direct statement to the American people that there is far less chance of the United States getting into war if we do all we can now to support the nations defending themselves against attack by the Axis than if we acquiesce in their defeat; submit tamely to an Axis victory and wait our turn to be the object of attack in another war later on.

"If we are to be completely honest with ourselves we must admit there is risk in any course we may take. But I deeply believe that the great majority of our people agree that the course that I advocate involves the least risk now and the greatest hope for world peace in the future. The people of Europe who are defending themselves do not ask us to do their fighting. They ask us for the implements of war, the planes, the tanks, the guns, the freighters which will enable them to fight for their liberty and our security. Emphatically we must get these weapons to them in sufficient volume and quickly enough so that we and our children will be saved the agony and suffering of war which others have had to endure.

"Let not defeatists tell us that it is too late. It will never be earlier. Tomorrow will be later than today.

No Army to Europe

"Certain facts are self-evident. In a military sense Great Britain and the British Empire are today the spearhead of resistance to world conquest. They are putting up a fight which will live forever in the story of human gallantry. There is no demand for sending an American expeditionary force outside our own borders. There is no intention by any member of your Government to send such a force. You can therefore nail any talk about sending armies to Europe as deliberate untruth.

"Our national policy is not directed toward war. Its sole purpose is to keep war away from our country and our people. Democracy's fight against world conquest is being greatly aided and must be more greatly aided, by the rearmament of the United States and by sending every ounce and every ton of munitions and supplies that we can possibly spare to help the defenders who are in the front lines. It is no more unneutral for us to do that than it is for Sweden, Russia and other nations near Germany to send steel and ore and oil and other war materials into Germany every day.

"We are planning our own defense with the utmost urgency: and in its vast scale we must integrate the war needs of Britain and the other free nations resisting aggression. This is not a matter of sentiment or of controversial personal opinion. It is a matter of realistic military policy based on the advice of our military experts who are in close touch with existing warfare. These military and naval experts and the members of the Congress and the Administration have a single minded purpose—the defense of the United States.

Speed and Sacrifice

"This nation is making a great effort to produce everything that is necessary in this emergency—and with all possible speed. This great effort requires great sacrifice.

"I would ask no one to defend a democracy which in turn would not defend everyone in the nation against want and privation. The strength of this nation shall not be diluted by the failure of the Government to protect the economic well being of all citizens.

"If our capacity to produce is limited by machines it must ever be remembered that these machines are operated by the skill and the stamina of the workers. As the Government is determined to protect the rights of workers so that nation has a right to expect that the men who made the machines will discharge their full responsibilities to the urgent needs of defense. The worker possessses the same human dignity and is entitled to the same security of position as the engineers or manager or owner. For the workers provide the human power that turns out the destroyers, the airplanes and the tanks.

"The nation expects our defense industries to continue operation without interruption by strikes or lockouts. It expects and insists that management and workers will reconcile their differences by voluntary or legal means to continue to produce the supplies that are so sorely needed.

"And on the economic side of our great defense program we are as you know bending every effort to maintain stability of prices and with that the stability of the cost of living.

Money Not Enough

"Nine days ago I announced the setting up of a more effective organization to direct our gigantic efforts to increase the production of munitions. The appropriation of vast sums of money and a well-co-ordinated executive direction of our defense efforts are not in themselves enough. Guns, planes and ships have to be built in the factories and arsenals of America. They have to be produced by workers and managers and engineers with the aid of machines which in turn have to be built by hundreds of thousands of workers throughout the land.

"In this great work there has been splendid co-operation between the Government and industry and labor. American industries' genius, matchles throughout the world in the solution of production problems, has been called upon to bring its resources and talents into action. Manufacturers of watches, of farm implements, linotypes, cash registers, automobiles, sewing machines, lawn mowers and locomotives are now making fuses, bomb packing crates, telescope mounts, shells, pistols and tanks.

"But all our present efforts are not enough. We must have more ships, more guns, more planes—more of everything. This can only be accomplished if we discard the notion of "business as usual'. This job cannot be done merely by super-imposing on the existing productive facilities the added requirements for defense.

"Our defense efforts must not be blocked by those who fear the future consequences of surplus plant capacity. The possible consequences of failure of our defense efforts now are much more to be feared. After the present needs of our defense are past, a proper handling of the country's peace time needs will require all of the new productive capacity if not more.

No Pessimistic Policy

"No pessimistic policy about the future of America shall delay the immediate expansion of these industries essential to defense. I want to make it clear that it is the purpose of the nation to build now with all possible speed every machine and arsenal and and factory that we need to manufacture our defense material. We have the men—the skill—the wealth—and above all, the will.

"I am confident that if and when production of consumer or luxury goods in certain industries requires the use of machines and raw materials essential for defense purposes, then such production must yield to our primary and compelling purpose.

"I appeal to the owners of plants—to the managers—to the workers—to our own government employees—to put every ounce of effort into producing these munitions swiftly and without stint. And with this appeal I give you the pledge that all of us who are officers of your Government will devote ourselves to the same wholehearted extent to the great task which lies ahead.

"As planes and ships and guns and shells are produced, your Government, with its defense experts, can then determine how best to use them to defend this hemisphere. The decision as to how much shall be sent abroad and how much shall remain at home must be made on the basis of our over-all military necessities.

"Arsenal of Democracy"

"We must be the great arsenal of democracy. For us this is an emergency as serious as war itself. We must apply ourselves to our task with the same resolution, the same sense of urgency, the same spirit of patriotism and sacrifice as we would show were we at war.

"We have furnished the British great material support and we will furnish far more in the future. There will be no 'bottlenecks' in our determination to aid Great Britain. No dictator, no combination of dictators will weaken that determination by threats of how they will construe that determination.

"The British have received invaluable military suport from the heroic Greek Army and from the forces of all the governments in exile. Their strength is growing. It is the strength of men and women who value their freedom more highly than they value their lives.

"I believe that the Axis powers are not going to win this war. I base that belief on the latest and best information.

"We have no excuse for defeatism. We have every good reason for hope—hope for peace, hope for the defense of our civilization and for the building of a better civilization in the future.

"I have the profound conviction that the American people are now determined to put forth a mightier effort than they have ever yet made to increase our production of all the implements of defense to meet the threat to our democracy.

"As President of the United States I call for that national effort. I call for it in the name of this nation which we love and honor and which we are privileged and proud to serve. I call upon our people with absolute cofidence that our common cause will greatly succeed."

Part of Kunming-Ipin Railway Completed

The first leg of the Kunming-Ipin Railway, covering a distance of 200 miles between Kunming and Hsuanwei in northeast Yunnan Province, has been completed and traffic has already begun, it is reported.

Although the completion of the entire railway, which covers three provinces in its 500-mile run through some of the most difficult regions in Southwest China, has yet to wait for some time, much hope is held for its opening to through-traffic not later than the end of 1941. China by that time expects to supply herself most of the iron and steel for her military and industrial uses, including the making of her light rails.

This one-meter gauge railway, divided into three sections—Kunming and Hsuanwei, Hsuanwei and Weining and Ipin—passes through rich coal and copper districts near the borders of Yunnan, Kweichow and Szechwan provinces. The operation of a railway through this region will make largescale development possible. Hsuanwei is especially noted for coal deposits and hams. Because of difficult transportation, surplus rice in that district is used to feed hogs. The completion of the entire railroad will reduce tremendously transportation cost in the three southwestern provinces.

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Pucheng	Chengchow	*Wanhsien*	Changsha
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FOREIGN CORRESPONDENTS :

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

JapaneseMakeImportantGainsOutofThai-Indo-China War; Open Assistance to Siamese Believed Given

Japan's strategy of pitting small areas under the influence of the major powers against each other, thus snatching at the jackal's share of spoils, has been obvious for long in the Indo-China-Thailand conflict. The extent of that strategy's gain took on proportions of the lion's share this week, as reports circulated implicating actual Japanese military aid in Thai offensive action against the French, which became full-fledged in force, while economic pressure and infiltration of Indo-China continued.

The only apparent effort to block this indirect conquest of war-spoils was the report of renewed British pressure against Thailand to abandon her friendship with Japan and join the British defense sphere in the Far East.

Heavy fighting broke out suddenly on Sunday in the Aranya sector, according to a **Reuter** report, which stated that Thai forces advanced and captured strategic points after new bombings and artillery fire. The next day, the war's first casualty list was issued from Bangkok, naming six Thai soldiers who were killed in the conflict.

The same day, a **United Press** report from Hanoi quoted informed sources alleging that Japanese aviators not only were instructing the Thai Air Force, but some were actually participating in the raids on French Indo-China towns. The reports were given as explanation of the increased action and accuracy of the Thai offensive, which was showing pronounced improvement.

Large stocks of Japanese munitions and modern arms were known to have been stored on the Thailand side of the border. Military missions to Thailand have been numerous.

Latest report of the Thailand Department of Commerce reveals extensive dumping of mass-produced Japanese goods in that country. Together with the apparent inability of Sir Josiah Crosby, British Minister to Bangkok, to draw Thailand away from her recent pacts with Japan, as mentioned last week, "new order" influence over the situation appeared to have reached dangerous proportions.

Protest Anticipated

The sudden outbreak of increased hostilities came in time to prevent M. Roger Garreau, new French Minister to Bangkok, from effecting a settlement of the controversy as had been projected. After the outbreak, police ordered all French nationals to leave Thai cities except Bangkok within 72 hours. French possessing guns or military implements were asked to turn them over to the police.

Other demonstrations in Thailand against the French included the reported expelling of the French Military attache, Colonel Pichon, on Saturday, following an occurance of public threats against him at a railroad station. During the past two weeks many French Catholic brothers in Thailand have been stoned, a United Press report states.

At the same time, restriction of border traffic on the part of Thai officials resulted in oppressive hardships on the Cambodians residing there, according to a **Havas** report. Thai authorities were endeavoring to denationalize the Cambodians by directing the teaching of priests in schools and by enforcement of a 100 percent tax on all goods exchanged with their racial brothers across the border. Several shootings have occured during the enforcement of these laws.

French Told To Reach Safety

All French nationals living in Thailand were asked to leave the places where they are now living and proceed to special districts established in Bangkok or Dhonburi within 72 hours, the Government announced in a statement by **Domei** from Bangkock on Jan. 8.

Military Action

To summarize military action in the Indo-China-Thailand conflict since the New Year, following is an account of events leading to the recent outbreak:

January 1.—A Native guard was wounded during a clash at Ban-Gosiang, North-East of Pailin, and Thai forces fired on a French frontier post at Hwei-Sai, West of Luang-Prabang. Pamphlet bombings continued.

January 2.—Artillery fire in the same section continued. Action was begun again along the Cambodian frontier.

January 3.—Clashes occured between patrol units in the Pailin region and reconnaissance flights of Thai planes were noticed.

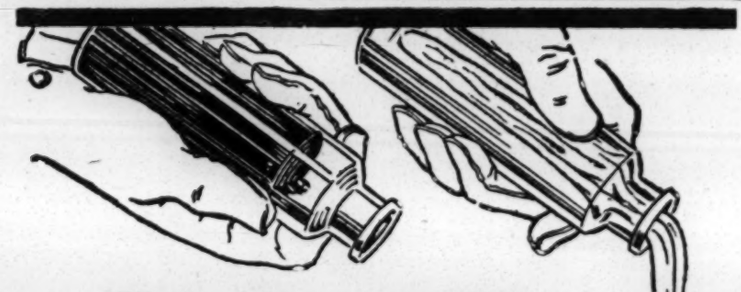
January 4.—Activity increased all along the border area.

January 5.—A powerful reconnaissance unit was counter-attacked by French forces and repelled with heavy losses.

January 6.—French artillery batteries opened fire on the Aranya railway station, causing destruction to the columns used as observation posts. In the region North of Pailin, French troops carried out a reprisal attack on Thai units in Kompong, with the latter being forced to withdraw. Four Thai planes bombed Sisophon, causing little damage. In return, the French air force bombed Kremmarat and Aranya.

January 7.—Thai ground forces were reported to have advanced and captured strategical points in the Aranya sector, with heavy fighting on both sides. Capture was announced by Thai authorites of Poipei on the Cambodia border. Further north, the Thai air force raided a French air base at Savannakhet and destroyed eight out of twelve grounded machines.

January 8.—First casualty lists named six Thai soldiers, who were killed in the Aranya fighting. Three Big guns were reported captured from the French. Thirty Thai planes bombed Paske and other French frontier towns, causing extensive damage.



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$475,740,000 Revenue Raised By Chinese Maritime Customs; Big Increase Reported

Chinese Maritime Customs Revenue for 1940, composed of Import and Export Duties, Interport Duty, Tonnage Dues, Flood Relief Surtax and Revenue Surtax, amount to $475,740,000, approximately, as compared with $331,320,000 for 1939, and surpassing the collection for 1931 of $385,000,000.

Contributions under each heading towards this total, as well as the corresponding figures for 1939, according to a statement issued by Sir Frederick Maze, Inspector-General of Maritime Customs, were as follow:

	1940		1939	
Import Duty:	C.G.U. (= $	98,190,000 343,600,000)	C.G.U. (= $	93,160,000 237,680,000)
Export Duty:	$	27,550,000	$	17,420,000
Interport Duty:	$	63,810,000	$	46,660,000
Tonnage Dues:	$	3,100,000	$	3,660,000
Flood Relief Surtax:				
On Import Duty:	C.G.U. (= $	4,910,000 17,170,000)	C.G.U. (= $	4,660,000 11,880,000)
On Export Duty:	$	1,670,000	$	1,070,000
Revenue Surtax:				
On Import Duty:	C.G.U. (= $	4,910,000 17,170,000)	C.G.U. (= $	4,660,000 11,880,000)
On Export Duty:	$	17,170,000)	$	1,070,000

With the exception of the sum of C.G.U.494.84 which was collected in actual gold unit drafts or notes, the total Import Duty Collection of C.G.U.98,190,000 was collected in local currency according to exchange rates ruling locally on the date of payment of duty.

The collection made at the principal revenue-producing ports during the year 1940, and the respective increases decreases when compared with the collections for 1939, are given hereunder in order of collection:—

Port	Collection 1940 $	Increase (Against 1939) $
Shanghai	273,140,000	160,340,000
Tientsin	92,260,000	24,670,000
Tsingtao	35,940,000	7,490,000
Luichow	7,830,000	4,370,000
Chinwangtao	7,410,000	1,060,000
Chungking	6,910,000	3,440,000
Kowloon	6,850,000	5,650,000
Canton	6,700,000	5,840,000
Changsha	6,600,000	4,750,000
Ningpo	5,660,000	1,940,000
Chefoo	4,900,000	160,000
Mengtsz	4,620,000	—
Foochow	3,130,000	—

In accordance with instruction from the Chinese Government, no payments were made from the Customs revenue collection in respect of foreign loans and Boxer Indemnity obligations. Quotas representing the share of the estimated cost of the service of those obligations, based **pro rata** on the revenue collection of each port to that for all China, were, however, provided in full from the ports in the areas under the Chinese Government's control and placed on deposit in special accounts with the Central Bank of China. The total amount so deposited during the year was $8,929,412.81.

U.S. Loan Service

The service of the Consolidation Note of the American Wheat and Flour Loan of 1931 and American Cotton and Wheat Loan of 1933 according to a revised schedule was met in full from the collection of Flood Relief Surtax, at a total cost of $1,447,218.26 of which $1,241,754.60 was provided from collections made at ports in areas under the Government's control and $205,463.66 from balances in hand on the 1st January 1940.

No payments were made to the National Loans Sinking Fund Administrative Commission from the revenue collection on account of the service of Internal Loans secured on the Customs Revenue, but part of the quotas due from ports in areas under the Chinese Government's control was set aside by using the balance left from revenue remittances received from those ports after provision had been made for prior obligations. The total so set aside was deposited in special accounts with the Central Bank of China, and amounted during the year to $8,582,071.39. Obligations affected under this heading include the 25th Year Consolidation Loan of $1,460,000,000 the 25th Year Recovery Loan of $340,000,000 and the 17th Year Long-term Currency Loan of $45,000,000.

It should be noted, says the report that, subsequent to the seizure in mid-1932 of the Customs establishments in the North Eastern Provinces, no quota has been made available to the Chinese Government from that region (including the Customs at Dairen) towards the payment of the various Loan and Indemnity obligations secured on the Customs Revenue. Nor has any loan quota been received during the year from other regions in Japanese military occupation.

$135,000,000 Sought in Taxes

The Direct Taxation Administration has set $135,000,000 as goal of its next year's collections. This means an almost 80 per cent increase over this year's budget of $75,000,000.

The result of this year's collections has been responsible for the expansion of the 1941 estimate. Receipts up to November 28 reached $85,850,000, exceeding the budget by $10,000,000.

Income tax leads the other three kinds of direct taxes, namely profits, stamp and inheritance tax. Up to November 28, the administration has collected $43,000,000 in income tax; which is $4,900,000 in excess of the budgeted amount. Next comes the profit tax. Although the budget called for $24,000,000 the amount collected by November 28 came to $37,000,000. Reports on the stamp tax revenue are pouring in from post offices which are selling the stamps on behalf of the administration. At least $4,700,000 worth of stamps were known to have been sold. The inheritance tax, imposed beginning July 1, lagged behind with a mere $2,700.

To improve the system of collection, the administration has inaugurated four training classes in Kiangsi, Chekiang, Szechwan and Shensi Provinces. About 100 university graduates have been enrolled for this responsible work. Arrangements are being made with universities and middle schools for the training of men in economics, accountancy and statistics for the administration. Separate classes are to be held in some of these schools with text-books mostly supplied by the administration.

The administration hopes to put 400 well trained energetic young men into service in 1941.

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Far East Figures in British Honors List

The Far East figured prominently in the British New Year honors list, the first general list issued since the outbreak of the European war. Of particular interest to the Far East, according to **Reuter's** London office, were the following awards:

Mr. Vivian Gordon Bowden, Trade Commissioner in China for the Commonwealth of Australia, with offices in Shanghai, becomes a Commander of the Order of the British Empire;

Mr. Cecil Hugh Rabbetts, archivist at the British Embassy in Shanghai, becomes a Member of the Order of the British Empire (M.B.E.),

Mr. William Herbert Evans Thomas, British resident at Tientsin, becomes a Commander of the British Empire (C.B.E.),

Mr. Charles Eric Whitamore, one of the British Consuls in China, becomes an Officer of the Order of the British Empire (O.B.E.),

Sir Robert Craigie, Ambassador in Tokyo, becomes a Knight Grand Cross of the Order of St. Michael and St. George (G.C.M.G.),

Warrant Officer Paul Evelyn Baskett and Captain Victor Cecil Branson, both of the Hongkong Volunteer Defence Force, and Mr. Leslie Brewer, Chief Inspector of the Sanitary Department at Hongkong, become Members of the Order of the British Empire (M.B.E.),

Mr. Reginald Austin, Consul-General at Yokohama, becomes a Commander of the Order of the British Empire,

Pauline Lady Pollock, for social and charitable services at Hongkong becomes an Officer of the Order of the British Empire,

Mr. F. Hornbrook, lately Manager of the Union Jack Club, Shanghai, is awarded the medal of the Order of the British Empire (for Meritorious Service),

Mr. C. M. Alport, formerly attached to the British Embassy, Shanghai, is awarded the M.B.E.,

Mr. Ho Kom Tong, gets the C.B.E. for his philanthropic and social services at Hongkong,

Mr. William Bernard Finnigan, Registrar of Hongkong University, becomes an Officer of the Order of the British Empire (O.B.E.),

Mr. Frank Dorrington Ward, former Government architect in the Malayan public works service, the Venerable Graham White for services to education in the Straits Settlements, and Mr. Omar Bin Osman, Secretary of State at Trengganu—all become Officers of the Order of the British Empire (O.B.E.),

Lieutenant Abdul Hamid Khan, of the Malay States Volunteer Force, who becomes a Member of the Order of the British Empire (M.B.E.),

Mr. John Schindeler de Villiers, chief sanitary inspector in the Straits Settlements; Captain Eric Seddon Lilley, Superintendent of Prisons in the Malay States; Miss Ida Mabel Murray Simmons, of the Public Health in the Straits Settlements; Miss Susan Frances Sutton, Principal Matron at Hongkong, Mr. Marcus Rex, British resident at Perak; Mr. Charles Robert Smith, Principal Representative in North Borneo of the British North Borneo Company—all become Members of the Order of the British Empire (M.B.E.),

Mr. Sidney Bacon Palmer receives the C.B.E. for public services in Malaya,

Lieut.-Colonel Lowthian Hume Chidson, of the Straits Settlement Volunteer Force; Mr. Cheah Ewin Leng, for public services in the Malay States; and Major Wilkins Fitzwilliam Chipp, forest engineer in the Malayan forest service —all become: Officers of the Order of the British Empire.

Major Carlson Warns China Japanese Economic Penetration Still Danger

(SPECIAL CORRESPONDENCE)

Chungking, Dec. 24.—(By airmail)—"There is no question about China's ability to resist Japan's military invasion so long as China remains a united nation. But there is a real danger that Japan may achieve her ends by quiet economic penetration," declared Major Evans F. Carlson, American observer, today.

Major Carlson, former language officer attached to the U. S. Embassy in China, had just arrived in Chungking from an extensive tour which carried him to eight east, south-east and south-west Chinese provinces. He will proceed to the north-west after the New Year to continue his tour of inspection of the Chinese Industrial Cooperatives. After visiting Chengtu, Paochi, Lanchow and other north-western cities, Major Carlson will return to Chungking, whence he will go back to the States via Rangoon, Singapore and Hongkong. "This time during my trip I am primarily interested in the cooperatives," he said, "but I am trying to write on other matters as well."

Elaborating his point regarding a possible Japanese economic conquest of China, the American author said he saw stores in all the eastern provinces stocked with goods "of unknown origin" from Japanese controlled territory. "I saw streams of such goods coming in from little known ports along the eastern seaboard. And I saw streams of trucks and boats carrying China's natural resources out of the country: tung oil, tungsten, tin and tea. China's important problem right now is to build up her industries in order that she may stymie Japan's economic program and make herself less dependent on the importation of needed manufactured goods from abroad.

Major Carlson is of the opinion that the Chinese Industrial Cooperatives movement, which is forever spreading, is doing a gigantic task in preventing China from being subjugated in the economic sense by Japan. Thus far he has inspected about 1,000 CIC units scattered in the east, south-east and south-west provinces. He said that everywhere he visited he obtained evidence of the effectiveness of cooperation in industry.

"There are now throughout China about three thousand of these cooperative units," he added. "Thirty thousand could stop Japan's economic penetration. And fifty thousand would provide China with an economic base which would make her relatively independent of the essential items she is now importing. Moreover they would provide the means for improving the standard of living and for increasing the purchasing power of a large section of the population, giving impetus to the economic life of the nation, and strengthening the cause of democracy here in Eastern Asia. The CIC movement contains the essential elements which can enable China to solve this problem (of Japanese penetration). And in solving it through Indusco, she is making a contribution of worldwide import to the democratic way of life."

Conditions Normal

In the course of his motor trip, Major Carlson found conditions in the eastern provinces practically normal. He said that there was hardly a town of over 10,000 population which had not been put to Japanese aerial ordeal, but "bombings no longer perturb the people." Every town has its air raid alarm system, he continued, and families keep their valuables packed in a small sack which can be quickly gathered up and carried to a safe place in the countryside. According to Major Carlson's observations, these small cotton sacks, usually green in color and with a draw string at the top, have become the vogue all over China.

Major Carlson remarked that it was stimulating to return to Chungking after an absence of two years. He spoke highly of the morale of the city's 600,000 population in spite of the horrific bombings last summer. "I find that even the most sensational of the despatches which described the intensity of the bombings earlier this year failed to convey the full picture of the destruction which was wrought—destruction not of military objectives, but of the business and residential sections of the city.

Devastation Wreaked

"Words are inadequate to convey the true picture of devastation; they are also inadequate to describe the magnificent spirit of the people, a spirit which has caused new structures to rise on the ruins of the old, a spirit that is so universal that life seems to proceed with eager intensity along normal patterns. When a traveler approaches the city as I did over the motor roads from the east coast he does not have to be told that he is nearing the nation's capital. There are overtones of activity and nervous excitement which communicate the news to his senses. Just as in pre-war France all roads led to Paris, so in wartime China all roads lead to Chungking."

Major Carlson arrived in the wartime capital several days ago and has been making new acquaintances and renewing old friendships since. He said he wished he could linger longer in China, but he had to be back in the United States in February to "continue some work already started." Lack of time prevented him traveling over the Burma Road. He said that he might visit Rangoon because "I know for sure that the people back home will ask many questions about how supplies are getting inland from Rangoon."

Japanese Protest on Bermuda Action

Questioned regarding the report that nine Japanese passengers of the American Export Line steamer Excalibur were subjected to rigorous examination when the vessel stopped at Bermuda recently, Mr. Koh Ishii, Deputy Spokesman of the Board of Information, told foreign press correspondents on January 7 that representations would be made to the British Government through the British Embassy in Tokyo.

It will be recalled that a Japanese press message from New York reported that the Japanese were on their way to Germany, having left New York on December 21, the message stating that the Japanese passengers were subjected to severe treatment by the British authorities when the vessel called at Bermuda.

The Bermuda authorities are reported to have questioned the Japanese in regard to their purpose in going to Germany, to have searched their baggage, confiscating a number of documents and letters, and to have confiscated funds in possession of the nine passengers. The message states that the reason given for the seizure of the money was to prevent foreign currency getting to Germany.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

December 22

Drastic steps were being taken by the Government in Chungking to check hoarding and speculation in foodstuffs. According to an announcement by military headquarters, Mr. Yang Chuan-yu, Manager of the Tachwan Bank and former Mayor of Chengtu was sentenced to execution for hoarding rice.

Reliable Chinese sources in Hongkong said that Japanese were preparing to withdraw from Shumchun, after six months' occupation, placing the area in hands of pro-Nanking troops. Chinese guerillas greeted news of the withdrawal by attacking the Kowloon-Canton railway yards north of Shumchun on December 20.

Political leaders of Japan were revising Japanese election laws on a plan which, if enacted, would disenfranchise four million voters. The plan, ostensibly a reversion to the "family" idea, bore all the signs of totalitarianism.

Japanese naval authorities announced the extension of the China coast blockade to include Suitung, Tienpak, Lungmun, and Hailing harbors and their neighbouring waters along the south-western coast of Kwangtung Province, on the grounds of "military necessity."

Arrested at the request of and in cooperation with the Japanese authorities, Mr. Wan Mo-lin, committeeman of the French Municipal Council in Shanghai and one of the 87 Chinese "blacklisted" by the Nanking regime in June, was reported to have been handed into Japanese custody.

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December 23

Official announcement of the execution of Yang Chuan-yu heralded determined efforts by the Chinese Government to punish hoarders and check the rise in commodity prices. Many dye and hardware merchants also had been arrested by the government for hoarding, it was announced.

Negotiations between Japan and Soviet Russia for a fisheries agreement were meeting with difficulties, it was indicated in Tokyo official sources.

Prince Konoye would make no further Japanese cabinet changes this year after its recent reshuffle, said Dr. Nobufumi Ito, President of the Cabinet Information Board.

Gen. Wu Teh-chen, Minister for Overseas of the Central Kuomintang and former Mayor of Greater Shanghai, planned to visit India and Thailand.

The National Government formally announced the names of the new counsellors who will attend the first session of the Second National Peoples' Council which is to be convened in February.

*
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December 24

Japan's 50-year old Imperial Diet convened for its 76th session—its sixth session since the outbreak of the Sino-Japanese conflict in 1937. The meeting was the first held under the "New Structure." After brief ceremonies, the Diet adjourned for a day for the formal opening of the session in the presence of the Emperor.

The decision of the Nanking Government to allow **fapi** to continue to circulate as legal tender after the issue of its own notes on January 6 was described as a wise move by the "Japan Times and Advertiser" in a leading article, as the "hard cash" backing **fapi** was regarded as the savings of the people of China as a whole, and in no way "the property of a political party."

In a special article to the **North China Daily News** describing current conditions in North China, Japan's rule in North China was reported to have been an "unsatisfactory failure," as prevailing conditions were infinitely worse than prior to the 1937 Lukouchiao Incident.

The Nippon-Thai Treaty which went into effect yesterday when ratifications were exchanged between Bangkok and Tokyo, would form the basis of future relations between the two countries, according to Dr. Nobufuki Ito, President of the Japanese Information Board.

*
**

December 25

The 25th anniversary of the Yunnan Uprising and the fifth anniversary of Generalissimo Chiang Kai-shek's liberation from Sian, was celebrated during a memorial ceremony in Chungking. Gen. Pai Chung-hsi, Deputy Chief of the General Staff, delivered a short address during the meeting recalling the historical significance of the two events, which, he said, marked two important stages of the Chinese National Revolution. China's victory, he asserted, was near at hand provided the nation remained united.

Reuter reported from San Francisco that three Chinese financiers from Shanghai had arrived in the city to arrange for loans for the reconstruction of China. They were Mr. P. C. Young, of the Kincheng Banking Corporation, Mr. C. S. Liu, of the China Development and Finance Corporation, and Mr. Fred Sze, of the Joint Savings Company. They were expected to confer with U.S. Government Officials and Mr. T. V. Soong, special Chinese envoy, in Washington.

A warning to the Chinese populace in Japanese-occupied areas not to accept banknotes issued by the Nanking Central Bank was given by Mr. Tu Yueh-sen, former Prominent Shanghai businessman, in a special radio broadcast addressed to the people of Shanghai.

An official telegram from Chungking stated that over 30 Japanese warcraft had been destroyed by Chinese artillery in the past few months along the lower reaches of the Yangtse river. Japanese were said to have attempted to remove this menace to shipping by an attack in the Pentseh region, near Matang.

*
**

December 26

Emperor Hirohito formally opened Japan's 76th Diet, reading an Imperial Rescript, in which he expressed gratification at closer relations between his nation and other signatories of the Tripartite Pact. The Emperor instructed Diet members to approve the Cabinet's unprecedentedly large budget of Yen. 6,830,000,000.

The newly-appointed Japanese Ambassador to the Nanking Government, Mr. Kumataro Honda, arrived at Shanghai this afternoon en route to assume his post at Nanking.

Greater Japanese representation in the Shanghai Municipal Council, in proportion to the number of Japanese resi-

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dents in Shanghai, which now exceeds 80,000, was demanded by Mr. Yukichi Hayashi, President of the Japanese Ratepayers' association,

China was much stronger now than in 1937, when the conflict with Japan started, and Japan's position had been "materially weakened", Captain M. R. Krammerer, a member of the U.S. Army General Staff School and editor of the "Quarterly Military Review", wrote in the current issue.

⁂

December 27

Warning the Japanese people against complacency and over-optimism at the conclusion of the Tripartite pact, Colonel Hayao Mabuchi, chief of the army press section, in an article in the **Nichi Nichi**, saw little hope for the early total collapse of the Chungking Government, "unless some radical change occurs in the world situation in the future." The conclusion of the tripartite pact, wrote the colonel, was steadily directing the international trend of thought in favour of Chungking, which was now gaining increasing assistance from both Great Britain and the United States. Contradicting this viewpoint was an editorial by the same journal stating that the increasingly closer cooperation between Japan, "New" China and Manchoukuo would spell the complete collapse of the Chungking regime. The same paper featured a report that "disquieting rumors" were being circulated in America that the United States Government shortly would strengthen its anti-Japanese attitude.

Eighty per cent of the American **Forum** poll, it was revealed in New York, favored the United States stopping Japan by force should Tokyo initiate her southward expansion drive.

Japanese warships and naval planes were said to have begun operations against sea ports and harbors within newly-blockaded zones on the south-west Kwangtung coast.

⁂

December 28

A "new order" was introduced in the Japanese diplomatic service today by the Foreign Minister, Mr. Yosuke Matsuoka, who has begun eliminating the influence of the so-called "university clique" by relieving four Japanese envoys—two ambassadors and two ministers—of their posts.

Mr. Hajime Matsumiya, who concluded the original Japan-French Indo-China trade talks in Hanoi, was appointed chief Japanese delegate at forthcoming negotiation in Tokyo.

A party of eight journalists from Burma arrived in Chungking this morning by air from Kunming.

Sanguinary battles were reported raging between Chinese guerillas units and Wang Ching-wei troops near Kuchiachuan 10 miles west of Pootung.

The Japanese Ambassador to Nanking, Mr. Kumataro Honda, presented his credentials to Wang Ching-wei.

Tokyo to Redeem Bonds Purchased in London

The Japanese Ministry of Finance on January 1 redeemed £162,190 worth of 5.5 per cent Sterling bonds, and on January 10 redeemed £293,-785 worth of six per cent Sterling bonds, both purchased in London since July this year. The purchasing prices of these two lots in Japanese currency were Y.1,251,593 and Y.2,001,-063, respectively according to *Domei*.

Who's Who in China

Miss Yang Ching-hsing, aviatrix, first woman glider-pilot in China; born in Changsha, Hunan; graduate, Hunan University; joined class for training civil pilots, conducted under auspices of the

楊瑾珣
Miss Yang Ching-hsing

Chinese Aviation Association, 1936, passed as a certified civil pilot; offered her services to the Chinese Air Force since the outbreak of the present Sino-Japanese war but failed to realize her desire because no woman has ever been admitted into the force; now enrolled as a student in a gliding school somewhere in Szechwan; recently completed translation from the English text of Robert Kronfeld on Gliding and Soaring; hobbies: cycling and horseback riding.

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Men and Events

Leighton Shields, U. S. District Attorney, has returned to Shanghai from vacation spent in the United States.

*

Capt. John M. Creighton, recently appointed U. S. Naval Attache in China, stationed in Peiping, is now in Chungking.

*

Transocean reported from Manila on Dec. 29 that the German Consul-General in that city had given a dinner in honor of the Japanese Consul-General.

*

Addison Kennedy, 35 years of age, was shot and fatally wounded on Dec. 30 by a Filipino named Felix Vasques, in Negros Province. The trouble developed over a transaction in sugar at the North Negros Sugar Central, where Mr. Kennedy was employed.

*

The Rev. and Mrs. Edwin Marx of the United Christian Missionary Society, departed on the President Pierce on vacation. Mrs. Marx will proceed to the United States, while Mr. Marx will stop over in Honolulu and return to Shanghai early in April.

*

A. T. Steele, correspondent for the **Chicago Daily News**, departed this week on a trip to Hongkong, Indo-China, Netherlands Indies and Singapore. He was accompanied by Mrs. Steele and they plan to return to Shanghai in about two months.

*

Sr. Francisco Largo Caballero, Spanish Republican Premier and War Minister in the civil war period, was arrested by the French authorities at Vichy and handed over to Generalissimo Francisco Franco, according to a statement by the leftist writer Robert Spivak, in New York on Jan. 4.

*

The U. S. War Department announced on Jan. 5 that Major Bernard A. Tormey, now stationed at Purdue University, had been appointed Assistant U. S. Military Attache at Chungking. Major Tormey will depart from the United States for his new post on April 2. It also was announced that Capt. Vernon L. Greenwood and Capt. Harry C. Van Houten had been assigned to the Philippines.

*

Major-General Lancelot Ernest Dennys, recently appointed British Military Attache to the Embassy in China, is expected to arrive in Chungking on Jan. 13 and will make his headquarters there. According to a **Reuter** dispatch from Chungking a spokesman of the British Embassy said that Major-General Dennys' appointment indicated Britain's desire for a closer military liaison with the Chinese Government.

*

Soviet scientists connected with the Gorky Institute of Experimental Medicine at Moscow announced on Jan. 4 that they had developed a new preparation whose action was similar to that of Vitamin K. The new drug was expected to be valuable in surgical operations as it facilitated coagulation of the blood and helped to stop or diminish bleeding. According to **Tass** it will be manufactured on a large scale and sold at low cost.

*

Dr. Kumataro Honda, recently appointed Japanese Ambassador at Nanking, departed for Peiping on Jan. 5 for the purpose of conferring with Lieut.-General Hayao Tada, Commander-in-Chief of the Japanese forces in China, and with Wang I-tang, Chairman of the North China Political Affairs Commission. The Ambassador was accompanied by an adviser and the Councillor of Embassy.

The German **Transocean** news service reported from Tokyo on Jan. 4 that the Japanese broadcasting system is planning to increase the number of its stations from 35 to 54 shortly.

*

Tsuneo Hattori, Japanese Consul at Shanghai, has been appointed Consul at Sydney, Australia and plans to depart for his new post at the end of this month.

*

Masao Otani, director of the Tokyo newspaper, **Miyako Shimbun**, died of cerebral hemorrhage on Jan. 3, at the age of 72. He served as a correspondent in the Sino-Japanese War, but was known as an outstanding advocate of war with the Soviet Union. He represented the Japanese press at the Versailles Peace Conference in 1919.

*

Several months ago agents of Wang Ching-wei, head of the Nanking puppet government, erected a signboard on Bubbling Well road advertising one of Wang's publicity organs, the **Bing Pao**. The paper has advocated "peace" and submission to Japanese overlordship. During the Christmas holidays the Shanghai public was astonished to read in large type, painted across the **Bing Pao** signboard, the inscription, "Down With Wang Ching-wei."

*

The U. S. Department of Agriculture reported on Dec. 31 that an acute shortage of wheat exists in China, Japan and Manchukuo, despite an increase in production amounting to 35,000,000 bushels in 1940 over production in 1939. The three areas produced 763,000,000 bushels in 1939. The report stated that restrictions on movements of cargoes was responsible for surpluses in some places and shortages in others. The disruption of traffic on the railways and highways was the chief element responsible for the shortage.

Tatsuo Kawai, former spokesman at the Tokyo Foreign Office, will be appointed as Japan's first Minister to Australia, according to **Domei** report on Jan. 2. Mr. Kawai was appointed Minister-at-Large several months ago and recently returned to Japan from an inspection tour of Europe, North and South America.

*

Tomokazu Hori, recently appointed spokesman of the Japanese Consulate-General arrived at Shanghai last week to assume his duties. Mr. Hori after serving 18 years as a member of the Japanese Consulate-General at Shanghai, was appointed Consul-General at Los Angeles.

*

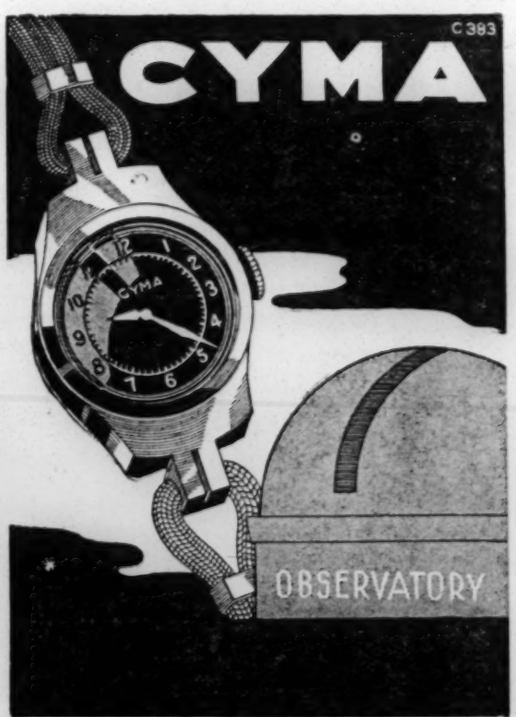
The French diplomatic authorities have completed the removal of all official archives from Shanghai to Peiping, according to **Havas** report from Peiping on Dec. 30. The French authorities announced some time ago their intention of removing their Embassy from Shanghai to Peiping. The removal has now been completed, stated the report.

*

George F. Lamont, former Consul at Shanghai, has been appointed U. S. Consul at Hanoi in the absence of Charles S. Reed, who has departed on leave. Mr. Reed plans to return to his post by the end of January, stated the report. Mr. Reed also served at Shanghai, prior to his appointment to Indo-China.

*

Gen. Chiang Kai-shek conferred on Dec. 30 with Major-General Chen Ching-yun, officer of the Chinese Air Force, who recently returned from an extensive tour of the United States. Major-General Chen obtained subscriptions amounting to US$6,400,000 from Chinese residing in America for the improvement of the Chinese Air force. It was reported that China was planning to purchase 400 planes.



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Judge Milton J. Helmick has returned to Shanghai from Tientsin, where a session of the U. S. Court for China was held.

*

Roy Emory Gilleland, General Manager of Anderson, Meyer and Company, well known American businessman in Shanghai, died on Wednesday, Jan. 8. He had been ill for some time.

*

The Rev. Hjalmer J. Gravem, member of the Covenant Mission, stationed at Nanchang Hsien, Hupeh Province, departed from Shanghai for the United States on leave this week. Rev. Gravem's home is in Minneapolis, Minnesota.

*

Lin Pai-yean, 33-year old Cantonese, selected the newly opened Pacific Hotel on Bubbling Well Road as a place to commit suicide by drinking poison. He apparently had registered at the hotel shortly after it was opened. He left no message, but the Chinese papers stated he may have lost considerable money in local gambling houses.

*

Nabulian Mansoff, Russian youth, was given a 12-year sentence in Ward Road Jail, at the First Special District Court on Dec. 1, on a charge of addiction to heroin. Mansoff was found lying in a gutter in the Hongkew section and a medical examination showed that he was suffering from an overdose of heroin, probably purchased at one of the Japanese drug joints in the area.

*

The Chinese Minister of Publicity, Wang Shih-chieh, Pan Kung Chan and Hollington K. Tong, Vice-Ministers of Propaganda, were hosts on Jan. 2 at a banquet in Chungking, given in honor of the Diplomatic Corps. Guests to the number of 500 attended, including members of the Diplomatic Corps, officials of the Chinese Government and members of the press.

*

Charles W. Rankin, well known American missionary, was robbed on Dec. 2 of household goods valued at approximately $1,400. Mr. Rankin was proceeding in the direction of Chenju, where he is head of a school, when he was accosted by a gang of six Chinese who brandished a pistol. Among the articles stolen was an overcoat, contents of his pockets and a number of cans of condensed milk and other articles. Mr. Rankin is head of the Fundamentalist Mission.

*

Li Hung-shwun, employe of the Great China Rubber Factory at Siccawei, Shanghai, was shot and seriously wounded by a Japanese sentry on Saturday morning, Jan. 4. The shooting occurred at Tu-shan-wan, near the French Catholic Cathedral and according to witnesses the Chinese worker was shot because he attempted to bring into the French Concession a small bag of rice in violation of the Japanese regulations. According to a report in the **China Evening News** a Japanese sentry shot and seriously wounded another Chinese at the same place a few days ago, the "crime" also being concerned with bringing rice into the Concession.

*

Richard T. Evans, well known American attorney in Tientsin, who also practiced on occasion at Shanghai, died in Tientsin on Dec. 24. He was 56 years old. Mr. Evans was a graduate of the Harvard Law School and came to China in 1915 as a professor at the Peiyang University, where he taught for seven years before engaging in the practice of law. Mr. Evans was born in Boston. He is survived by his father, a sister and a brother, who is a professor at Texas University and two daughters, one being a student at the University of California. The U. S. Court for China, which was in session at Tientsin at the time, adjourned for three days as a mark of respect for the late Mr. Evans.

Fr. Carlos Simon, American Catholic Missionary and member of the Society of Jesus, was killed by Chinese bandits at Shuyang, Kiangsu province. Details of the murder have not yet been received in Shanghai, according to members of the Jesuits in Shanghai. The area where he was stationed in inland from Suji on the Lunghai Railway. Fr. Simon was 40-years old and was a native of San Jose, California. He was ordained at Siccawei, Shanghai in 1933 and for the past five years had been stationed in the Shuyang district.

*

Dr. C. Kuangson Young, Chinese Consul-General at Manila, has requested the U.S. authorities in the Philippines to assist in solving the mystery of the disappearance of Wang Lin-goh, former Consul-General at Manila, who disappeared from the President Pierce between Hongkong and Manila. Mr. Wang was proceeding to Manila on an important business mission. According to other passengers on the ship, Mr. Wang had attended a cinema show on board and later was seen walking on the deck. The investigations have not, as yet, indicated whether the disappearance was due to suicide or foul play.

*

Admiral Harry E. Yarnell, retired, former Commander of the U. S. Asiatic Fleet, who has been lecturing for several months on conditions in the Far East, has been ordered to resume active service, according to **United Press** report from Washington on Dec. 29. Admiral Yarnell recently served as Chairman of the American Committee for Assisting the Chinese Industrial Cooperatives. Admiral Harry E. Yarnell, who has been Chairman of the American Committee for the promotion of Chinese Industrial Cooperatives, announced on Jan. 3 that Americans had contributed the sum of US$200,000, for the promotion of the Chinese Cooperative Movement.

Dr. Wu Kuo-chen, Mayor of Chungking, officiated at a "mass-wedding" ceremony on Jan. 4, when 46 couples were married. The practice of holding "mass-marriage" ceremonies originated at Shanghai when Mayor Wu Teh-chen presided over the Municipality of Greater Shanghai. The purpose was to enable couples to marry at minimum expense, the average charge being only a few dollars for the license fee. The ceremonies in Chungking, 10th to be held in recent weeks, was under the auspices of the New Life Movement Promotion Association.

*

The American Red Cross announced on Jan. 1 that the sum of US$16,690,000 had been expended for the relief of victims of war in nine different countries. Most of the supplies purchased by the Red Cross for relief purposes had already been shipped to their destinations, but large stocks for Britain and China were still in process of shipment stated the report. Appropriations were as follows: Britain, US$8,972,000; France, US$1,838,000; Poland, US$996,000; China US$923,000; Norway, US$45,000; Belgium, US$57,000; Netherlands, US$25,000.

*

Patrick John MacKellar was sentenced to five years imprisonment, at hard labor, at the Ward Road Jail, by Judge P. Grant Jones in British Supreme Court on Friday, Jan. 4. MacKellar was charged with embezzling various sums from his employers, the American Express Company. The trial extended over several days due to the complicated nature of the case and difficulty of obtaining exact information regarding defalcations. The testimony indicated that MacKellar had been accustomed to accepting payments from customers for steamship tickets and pocketing the money instead of handing it to the cashier. The total sum embezzled was stated to be between US$5,000 and US$6,000.

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According to **Kuomin** report from Chengtu, capital of Szechuen, there are 286 foreigners in the city, which number includes 79 Britons, 79 Americans, 37 Frenchmen, 46 Canadians, 10 Germans, 8 Soviet Russians, 6 Spaniards, 4 Belgians, 2 Italians, 4 Swiss, 2 Poles, 6 Koreans, 2 Turks, and one Hungarian. All are engaged in professional and cultural work, stated the report.

*

Three Chinese bankers, P. C. Young of the Kincheng Banking Corporation, C. S. Liu of the China Development and Finance Corporation, and Fred Sze of the Joint Savings Society, arrived in San Francisco by Clipper Plane on Dec. 25, on their way to Washington to confer with U. S. Government officials and with T. V. Soong, official Chinese envoy in Washington.

*

The Rev. George Dempsie and Mrs. Dempsie, founders of the Japan Rescue Mission, located in Minamizozu village in Osaka Prefecture, Japan, have announced their intention to leave the country after 23 years of social work. They stated that the property of the welfare institute would be donated to Japanese social workers. The governor of Osaka prefecture gave the Dempsies a letter of appreciation for their long self-sacrificing work in Japan. They expended 1,500,000 yen in the relief of orphans, reformatory work and other social projects during their long stay in Japan.

*

A Swiss missionary, the Rev. F. W. Meyerholt and his wife and child, stationed at Kueichung, near Mirs Bay, about 8 miles from the border of Hongkong territory, were killed by Japanese bombs on Monday, Dec. 23, according to **United Press** report from Hongkong. Aside from the foreigners, the Chinese cook at the Mission was also killed and the wife of the Chinese pastor was seriously injured. The Chinese pastor, whose name was not given in the report, returned to the mission from a trip and found the entire compound in ruins resulting from 8 bombs dropped on the premises. The bodies were found in the debris.

*

The Rev. W. H. Alton of the National Christian Council, Hongkong, has written members of the Council here giving details of the killing of the Rev. and Mrs. F. H. Meyerholt, members of the Basel Evangelical Missionary Society. The Rev. Mr. Meyerholt was acting chairman of the organization. Ronald Reese, who was on his way to Shiuchow, Kwangtung, stated the bombing appeared to be deliberate as eight Japanese bombs fell in the mission compound, one of which wrecked the room in which the missionaries were seeking shelter. The Japanese bombed the city on Dec. 23. Representatives of the mission sent a man to the place to bury the bodies and salvage valuables and papers which may have been in their possession.

*

Sam Titlebaum, newspaperman and broadcaster, was nominated as Deputy Marshal of the U. S. Court for China this week. He will take the place of Arthur Peterson, Deputy Marshal for the past 12 years, who has resigned in order to return to the United States and join the Navy. Mr. Titlebaum came to Shanghai as correspondent for the Seattle Star several months ago and became well known as news broadcaster and commentator over the **Evening Post** radio station, XMHC. He recently attracted wide attention by resigning from the station due to pressure, allegedly from Japanese or Nazi sources, because of dissatisfaction with his broadcasts. Mr. Titlebaum is a native if Chicago, where he served as a member of the Police Department and later joining the City News Bureau.

Many New Appointments and Transfers at Chungking

The National Government, according to **Kuomin** reports from Chungking, announced the appointment of numerous new officials and transfers of officials to other posts during the week. Among these were the appointment of Chang I-hui as Chief Technical Expert in the Ministry of Economics; Sung Yuan as Consellor of the Ministry of Finance; Lin Kang-hou, member of the war-time Relief Commission, to serve concurrently as member of the standing committee of the Commission; Wen Sung-ling as Eleve Consul at Vladivostok; Yu Fen, relieved of duties as Counsellor of the Control Yuan due to appointment to another post; Yuan Tzu-chien appointed First Secretary of Legation in Turkey; Tung Te-chien, Charge D'Affairs in Turnek, relieved of duties due to appointment to another post; Chao Shih-ching, President of National Tung Chi University, relieved of duties due to appointment to another post; Chung Ko-to appointed member of the War-Time Relief Commission in succession to Wang Hsiao-lai, who resigned to accept another post; Ten Yu-sheh appointed Councillor of Ministry of Finance; Pai Peng-fei appointed member of the Examination Committee for preliminary tests of Higher Civil Service Examination; Ma Tsun-ching, director of Ninghsia provincial peace preservation department; appointments to Chekiang provincial government: Tu Wei, peace preservation commander for 3rd area; Hsing Chen-nan, commander of 7th area; to become special administrative commissioner for 3rd area; Chang Kwang-yu and Kung Wen-hua, director and deputy-director, respectively of Honan provincial courier transportation administration; Li Hung-hsiang presides as chairman of Yunnan Provincial Assembly; Wu Ting-chang awarded Class A, Grade 1 medal of honor, Naval and Air Forces, in recognition of service as chairman of Kweichow provincial government; Tseng Chien appointed chief secretary of Hsinkang provincial government in succession to Huang Ju-chien, who was appointed to another post; Chang Kwang-yu, director of Honan provincial courier transport service; Li Han-cheng, chief secretary of Honan provincial government; Liu Shu-mo and Lo Kung-hua, members of Hupeh provincial government; Fu Shou, member of Ninghsia government transferred to another post; Chang Tien-wu, Chow Sheng-che, Yeh Sen and Wang Chih, members of the Ninghsia provincial government; Tan Ko-min assumes office as commissioner of civil affairs of Kweichow; following appointed to personnel of new Ministry of Social Affairs: Huang Shu-cheng, Hsieh Chen-fu, Li Chun-lung, counsellors; Chu Ching-hsuan and Huang Meng-fei, secretaries; Chien Lieh, director of general affairs department; Lu Ching-shih, director of organizational and training department; Shou Mien-cheng, director of cooperative enterprises administration; Niu Chang-yao, Pien Tsung-meng, Chen Yen and Wang Cheng, inspectors; Chang Tien-wu, Chow Sheng-chen, Yeh Sen and Wang Pei appointed members of the Ninghsia provincial government; Liu Shu-mo and Lo Kung-hua, members of Hupeh provincial government; Tsen wen, chief secretary Hsikang government; Huang Ju-chieh, chief secretary of Hsikang transferred to another post; Chang Tien-wo, chief secretary of Ninghsia transferred to another post; Chen Wen-po, chief secretary of South Anhwei provincial government; Tseng Ching, director of political affairs of South Anhwei; Liao Yun-sheng, director of police and peace preservation of South Anhwei.

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New Books of Interest in the Far East

NEW LIGHT ON ASIA

WARNING LIGHTS OF ASIA: By Gerald Samson. Robert Hale Ltd., London, 1940. 311 pages. Price: 15 shillings.

In **Warning Lights of Asia,** Mr. Gerald Samson has added an interesting account of the contemporary Far Eastern scene to the gradually expanding book shelf of auto-history compiled by newspaper correspondents the world over. This is not an important book. It does not present a startlingly new viewpoint of recent Far Eastern problems. It contains little "inside" information of political or economic character. It is, however, an exciting and far-ranging account of the experiences and impressions of a brave, humane, sober, and keen observer.

Mr. Samson, an Englishman, came to the Far East in 1934 as a free lance writer. While covering Japan, Manchukuo and China for five years, he acted from time to time as special correspondent for **Reuter,** for **United Press,** and for **Associated Press of America.** His courage at times verged on recklessness. His curiosity and enterprise took him on untravelled paths where he ferreted out facts of more than passing interest. Among these was a visit to Hokkaido, during which he was conducted through an oil field and an oil refinery operated by the Nippon Oil Company. He learned something elsewhere unknown at this time, that oil production in this area was expanding rapidly.

Using a heavy cold as an excuse, Mr. Samson secured a trip to the seldom visited Japanese-mandated islands. Throughout these lovely tropical isles he found an air of secrecy. Although he saw no actual fortifications, he noted that several of the islands were suitable for use as air bases, submarine bases and refueling stations. Natives, foreign missionaries and business interests alike were living under intense strain. Japanese detectives followed their every move. Despite strenuous efforts to prevent his contacting local residents of any nationality, Mr. Samson was persuaded, through stolen conversations, that by various questionable means property and economic enterprises were being transferred from native and foreign control to the control, and profit, of Japanese nationals.

After two years in Japan, Mr. Samson's experiences as a foreign correspondent culminated in his arrest in Tokyo during the February revolution of 1936. He was imprisoned for seventeen days. Cold, filth, vermin, inadequate food and inhuman treatment on the part of prison guards were the daily rule. Upon his release, he was expelled from the country. A year and a half later he had the distinction of being expelled a second time from Japanese-controlled soil, this time from Manchukuo; but not before he had had an opportunity to examine Yungfenchen, Japan's oldest colonization centre in Manchukuo.

In China from 1936 to 1939, Mr. Samson rode, as the first correspondent to do so, over the newly connected Canton-Hankow railway; visited, later, the Chinese front lines defending Hankow; motored from Hanoi, Indo-China, via Nanning, Kweilin, and Kweiyang to Chungking; and, early in 1939, departed from China, at some personal peril, over the Burma Highway.

Mr. Samson's book, **Warning Lights of Asia,** is a journalistic, anecdotal, day to day story of the highlights of these five years in the Far East. It contains interesting, but indifferently sorted bits of economic, political, historical and personal information. Interviews with the leading figures in Chinese and Japanese government circles are recorded.

The author has inserted short sections of historical and political background material at the conclusion of each chapter. They are perhaps over-condensed and add little important information, tending, rather to detract from the continuity of the story of the author's own experiences and observations which alone seem to give sufficient body to the book. This subjective approach discloses a view-point righteously indignant with and intolerant towards Japanese aggression in China, control in Manchukuo and in the South Sea mandates, and of Japanese rule at home; and increasingly respectful for China's power of resistance and her ability to construct a unified economic and political nation based on Southwest China.

P.G.B.

La Revue Nationale Chinoise

This French language monthly, published in Shanghai for the past twelve years, makes not only interesting reading, giving ample and valuable information on Far Eastern politics, economics, literature and art, but also affords English-speaking readers in the Far East opportunity for improving their konwledge of the French language.

The New Year's issue, just off the press, features a series of etchings taken from an old Chinese book, long ago out of print, depicting in its naive and involuntarily humorous way, some aspects of the Shanghai of over fifty-five years ago.

Other articles include an elaborate study of Chinese magazines and their history, a profusely illustrated review of the recent exhibition of paintings held at the Cercle Sportif, Shanghai by Mme Jaspar and Mr. C. Kluge, followed by political comments, book and press reviews and sundry items of general information.

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IN RE:
ESTATE OF
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NELSON,
Deceased.

Cause No. 4560
Spec. Proc. No. 2439
NOTICE
Filed at Shanghai, China,
Dec. 16, 1940
WILLIAM T. COLLINS
Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the Estate of Bert N. Nelson, deceased, to present the same with vouchers to the undersigned on or before June 15th, 1941, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Myron Wiener.
Administrator ad Colligendum of the Estate of Bert N. Nelson, deceased.

Messrs. Rodger & Wiener,
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Shanghai, China, December 16th, 1940.

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Is It Secure?

Boston Monitor

(Continued from page 197)

goods exported during the months of July, August and September of 1940:

Import of Artificial Silk

	1940 (Kilograms)	1940 Value (CGU)
July	210,003	180,079
August	202,242	170,702
September	379,197	178,973
	1939	
July	389,365	337,041
August	722,946	510,103
September	161,545	112,431

Export of Silk Piece Goods

	1940 (Kilograms)	1940 Value (CN$)
July	46,628	1,836,715
August	34,771	1,255,290
September	63,702	2,063,684
	1939	
July	74,045	1,116,478
August	92,185	1,300,280
September	75,215	1,294,868

Filatures Suspend

All the Chinese silk filatures in Shanghai suspended operations in the latter part of November, because of the lack of supply of dry cocoons, according to industrial circles quoted by the **Shun Pao.**

With the blockade of the Chekiang coast by the Japanese this year, practically no cocoons were sent here from Chekiang, which during the past year was the main source of supply of cocoons of the local filatures.

In order to utilize the large quantities of cocoons produced in Chekiang, the Chekiang Provincial Government has decided to open a number of silk filatures in the various cocoon-producing centers next spring.

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They are 5" × 7½" in size and the number of pages runs from 116 to 180 for the different volumes.

Vol. 5 of the detailed day-to-day record of Sino-Japanese hostilities is now off the press. It covers the period from July 7, 1939 to December 31, 1939.

Outstanding developments in this period include the beginning of Japan's air raids on Chungking, Wang Ching-wei's activities at Nanking, Anglo-Japanese negotiations over the Tientsin incident, beginning of terrorism at Shanghai, abrogation of the America-Japanese Trade treaty, initiation of anti-foreign movements by Japanese Army authorities, "slapping" and "stripping" incidents at Tientsin, Ambassador Grew's denunciation of Japan's anti-American activities in China, beginning of U.S. "moral" embargo against Japan, etc., etc.

Preceding volumes of this series cover the following 6-month periods:

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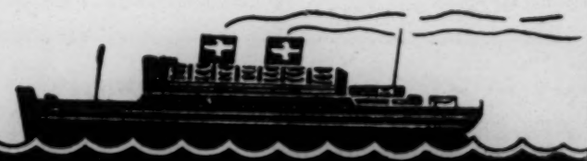

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